

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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SCOTT REIMER, Individually and On Behalf	:	Civil Action No. 1:08-cv-00411-NRB
of All Others Similarly Situated,	:	<u>CLASS ACTION</u>
Plaintiff,	:	
vs.	:	
AMBAC FINANCIAL GROUP, INC., et al.,	:	
Defendants.	:	
MARKO BABIC, Individually and On Behalf	:	Civil Action No. 1:08-cv-01273-NRB
of All Others Similarly Situated,	:	<u>CLASS ACTION</u>
Plaintiff,	:	
vs.	:	
AMBAC FINANCIAL GROUP, INC., et al.,	:	
Defendants.	:	
KEVIN PARKER, Individually and On Behalf	:	Civil Action No. 1:08-cv-01825-NRB
of All Others Similarly Situated,	:	<u>CLASS ACTION</u>
Plaintiff,	:	
vs.	:	
AMBAC FINANCIAL GROUP, INC., et al.,	:	
Defendants.	:	

[Caption continued on following page.]

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MEMORANDUM IN FURTHER SUPPORT OF THE MOTION OF INTER-LOCAL
PENSION FUND GCC/IBT FOR CONSOLIDATION, APPOINTMENT AS LEAD
PLAINTIFF AND FOR APPROVAL OF SELECTION OF LEAD COUNSEL AND IN
OPPOSITION TO THE MOTION OF THE U.S. PUBLIC PENSION FUNDS

MINNEAPOLIS FIREFIGHTERS' RELIEF : Civil Action No. 1:08-cv-01918-NRB
ASSOCIATION, On Behalf of Itself and All :
Others Similarly Situated, : CLASS ACTION
Plaintiff, :
vs. :
AMBAC FINANCIAL GROUP, INC., et al., :
Defendants. :

x

Institutional Investor Inter-Local Pension Fund GCC/IBT (“Inter-Local Fund”) respectfully submits this memorandum of law in further support of its motion for consolidation of the above-captioned related actions, appointment as Lead Plaintiff, approval of its selection of the law firm of Coughlin Stoia Geller Rudman & Robbins LLP (“Coughlin Stoia”) to serve as Lead Counsel and in opposition to the motion of Public School Teachers’ Pension & Retirement Fund of Chicago, Arkansas Teacher Retirement System and Public Employees’ Retirement System of Mississippi (collectively, the “U.S. Public Pension Funds”).

I. PRELIMINARY STATEMENT

On March 17, 2008, two motions were filed seeking appointment of the respective movants as Lead Plaintiff in these related actions against Ambac Financial Group, Inc. (“Ambac” or the “Company”) and other defendants, as follows: (i) Inter-Local Fund, a single institutional investor; and (ii) an amalgam of three unrelated institutional investors that have named themselves the “U.S. Public Pension Funds”. Based on the losses set forth in the motions, it appears that the U.S. Public Pension Funds have a larger financial interest in this litigation than Inter-Local Fund. It is respectfully submitted, however, that the U.S. Public Pension Funds are not a proper Lead Plaintiff and their application should be rejected in favor of Inter-Local Fund for two reasons.

First, the U.S. Public Pension Funds are a lawyer-created group and, therefore, are antithetical to the policies underlying the Private Securities Litigation Reform Act (the “PSLRA”) and its Lead Plaintiff provisions. The Lead Plaintiff provisions of the PSLRA were enacted to remove lawyer-driven practices from the process of selecting which plaintiff and counsel will lead a securities class action. Although the members of the U.S. Public Pension Funds are each significant institutional investors, there can be no doubt that they came together at the suggestion of their lawyers. Thus, it was the U.S. Public Pension Funds’ counsel that

determined who the members of the group would be, introduced the members of the group to one another and created the mechanisms by which the group would function. This is simply lawyer-driven litigation in a different form than that which the PSLRA sought to eradicate and it is respectfully submitted that the Court should reject it and deny the motion of the U.S. Public Pension Funds.

Second, and more importantly, it appears that the members of the U.S. Public Pension Funds have a disabling financial conflict that renders them subject to substantial unique defenses and inadequate to serve as Lead Plaintiff. Ambac's primary business is to insure bonds that are issued by various municipalities, cities and states. It is important to note that, as detailed in this action and widely reported, Ambac is in extremely poor financial condition and is regularly rumored to be in danger of losing its AAA credit-rating and becoming insolvent.

As set forth herein, it appears that Ambac insures numerous municipal bonds that have been issued by municipalities, cities and school systems that are connected to different members of the U.S. Public Pension Funds. For example, as set forth herein, Ambac insures numerous bonds issued by municipalities and state agencies in Mississippi. Similar examples exist for the other members of the U.S. Public Pension Funds and it is likely that there are many more Ambac-insured bonds that are connected to the members of the U.S. Public Pension Funds that are not listed here. This financial relationship creates a disabling financial conflict, as the U.S. Public Pension Funds would be less likely to pursue maximum recovery against Ambac for fear of negatively impacting the insurance on the Ambac-insured bonds. These facts create a potential financial conflict that may threaten the prosecution of this case should the U.S. Public Pension Funds be appointed Lead Plaintiff. Accordingly, the U.S. Public Pension Funds are subject to a unique defense that renders them inadequate to serve as Lead Plaintiff in this action.

For the reasons set forth herein, it is respectfully submitted that the motion of the U.S. Public Pension Funds should be rejected and Inter-Local Fund should be appointed Lead Plaintiff and its selection of Lead Counsel be approved by the Court.

II. ADDITIONAL IMPORTANT FACTS

Below is a chart¹ setting forth bond issues that are connected, in varying ways, to the different members of the U.S. Public Pension Funds – a teachers' pension fund in Chicago, a teachers' pension fund in Arkansas and the public employees pension fund in Mississippi:

	Ambac Insured Municipal Bonds	Shares	Coupon Rate	Maturity	Value
Chicago	Chicago, IL, Refg Ser 1992	8,000,000	6.25	2011	\$8,815,360
	Chicago, IL, Board of Education, General Obligation, Chicago School Reform	3,750,000	5.75	2027	\$3,952,275
	Chicago General Obligation	6,535,00	5.0	2043	\$6,761,699
Mississippi	Jackson, MS, Public School District	1,000,000	5.75	2010	\$1,056,020
	Jackson, MS, Public School District	2,000,000	0	2022	\$900,340
	Jackson, MS, Public School District	1,000,000	0	2023	\$421,700
	MS Development Bank Special Obligations (City of Jackson, MS)	500,000	4.375	2031	\$468,770
	MS Development Bank Special Obligations (Correctional Facilities)	1,000,000	5.125	2025	\$1,035,320
	MS Development Bank Special Obligations (Department of Finance & Administration)	745,000	4.5	2028	\$712,898
	MS Development Bank Special Obligations (Natchez, MS Convention Center)	750,00	6.0	2013	\$834,675
	MS Development Bank Special Obligations (Tunica County Building Project)	1,695,000	5.0	2026	\$1,752,020
	MS Development Bank Special Obligations (Tupelo Fairgrounds)	785,000	5.0	2017	\$805,229
	Walnut Grove, MS, Correctional Authority	1,750,000	6.0	2009	\$1,865,150
	Jackson State University, Educational Building Corp. Rev. (Student Recreation Center)	750,000	5.125	2027	\$773,678

¹ The sources of data for this chart include: Salomon Brothers Municipal Partners Fund Inc.'s Form N-Q, filed with the United States Securities and Exchange Commission ("SEC") on or about May 30, 2006 (attached hereto as Exhibit A); Municipal Advantage Fund Inc.'s Form N-Q, filed with the SEC on or about September 19, 2005 (attached hereto as Exhibit B); Morgan Stanley Insured Municipal Trust's Form N-Q, filed with the SEC on or about March 23, 2006 (attached hereto as Exhibit C); MFS Arkansas Municipal Bond Fund's Portfolio of Investments, dated December 31, 2007 (attached hereto as Exhibit D); and MFS Mississippi Municipal Bond Fund's Portfolio of Investments, dated June 30, 2007 (attached hereto as Exhibit E).

	Medical Center, Educational Building Corp. Rev. (University of MS Medical Center)	1,000,000	5.5	2023	\$1,107,710
	MS State University Educational Building Corp. Rev.	1,000,000	5.5	2016	\$1,053,130
	MS State University Educational Building Corp. Rev.	50,000	5.0	2021	\$255,810
	University of MS, Educational Building Corp. (Performing Arts Center)	1,000,000	5.25	2009	\$1,028,200
Arkansas	Northwest AR Community College District, Capital Improvement	1,380,000	5.0	2028	\$1,435,931
	AR State University, Housing Systems Rev.	1,240,000	5.15	2021	\$1,284,082
	AR Technical University, Housing Systems Rev.	1,000,000	5.2	2026	\$1,070,920
	AR University Rev., Student Fee	2,495,000	5.0	2032	\$2,583,797
	Siloam Springs, AR, Public Education Facilities, Capital Improvement Rev. (John Brown University)	500,000	5.35	2020	\$520,710
	University of AR, University Construction Rev. (Monticello)	1,525,000	5.0	2025	\$1,584,155
	University of AR, University Facilities Rev. (Pine Bluff Campus)	1,000,000	5.0	2030	\$1,039,670
	University of Central AR Rev.	1,100,000	5.0	2023	\$1,105,181

III. ARGUMENT

A. The PSLRA's Lead Plaintiff Provisions

In determining who, among those who timely filed Lead Plaintiff motions, is the most adequate plaintiff, the PSLRA provides that:

[T]he court shall adopt a presumption that the most adequate plaintiff in any private action arising under this chapter is the person or *group of persons* that –

* * *

(bb) in the determination of the court, has the largest financial interest in the relief sought by the class; *and*

(cc) *otherwise satisfies the requirements of Rule 23* of the Federal Rules of Civil Procedure.

15 U.S.C. §78u-4(a)(3)(B)(iii)(I) (emphasis added). The PSLRA's most adequate plaintiff presumption may be rebutted by proof that the presumptively most adequate plaintiff:

(aa) will not fairly and adequately protect the interests of the class; or

(bb) is *subject to unique defenses* that render such plaintiff incapable of adequately representing the class.

15 U.S.C. §78u-4(a)(3)(B)(iii)(II)(aa) & (bb) (emphasis added).

As detailed below, the motion of the U.S. Public Pension Funds should be denied because it is rife with conflicts of interest that will prevent them from serving as an adequate Lead Plaintiff in this case.

B. Inter-Local Fund Has the Largest Financial Interest of Any Movant that Also Satisfies the Requirements of Rule 23

Inter-Local Fund is the “*most* adequate plaintiff.” *See* 15 U.S.C. §78u-4(a)(3)(B)(iii)(I)-(II) (emphasis added). In addition to having the largest financial interest of any *bona fide* movant, its claims are typical of the claims of the class because its claims arise from the same course of events and are based on the same legal theories as the claims of all other investors in Ambac stock. Thus, it is respectfully submitted that Inter-Local Fund’s motion should be granted.

C. The Motion of the U.S. Public Pension Funds Should Be Denied

While the aggregated U.S. Public Pension Funds purport to claim a financial interest that is larger than the financial interest claimed by Inter-Local Fund, their motion must nevertheless be denied because they are not a proper group under the PSLRA and are subject to unique defenses and cannot adequately represent the interests of the class in these related actions.

It cannot be doubted that the U.S. Public Pension Funds is a lawyer-created group. The Lead Plaintiff provisions of the PSLRA were enacted to remove lawyer-driven practices from the process of selecting which plaintiff and counsel will lead a securities class action. As such, the U.S. Public Pension Funds are not adequate to serve as Lead Plaintiff and it is respectfully submitted that their motion should be rejected.

While in most securities class actions, the appointment of a public pension fund, including those that comprise the U.S. Public Pension Funds, would be viewed as being beneficial to the class, that is not the case under the facts presented here. That is because the funds that are part of the U.S.

Public Pension Funds have an ongoing financial relationship with the corporate defendant, Ambac. The members of the U.S. Public Pension Funds need Ambac to continue to insure their bonds in order to maintain the rating on their bonds. To do so, they need Ambac to remain financially robust.

Whoever is appointed as a Lead Plaintiff should not be saddled with any type of restraint in seeking to maximize the recovery to the class. Here, the members of the U.S. Public Pension Funds have irreconcilable conflicts of interest that will prevent them from vigorously pursuing the class' claims against Ambac. The insurance that Ambac provides to these funds (*see* chart above at page 3) can only be provided if Ambac remains financially healthy. Thus, the members of the U.S. Public Pension Funds will be more inclined to settle this action for less in order to protect Ambac and themselves. *See e.g., In re Baan Co. Sec. Litig.*, 186 F.R.D. 214, 218 (D.D.C. 1999) (suggesting that "it may be in the class members' interest to settle for less . . . to preserve the Company's viability"). In other words, they would be putting their own interests ahead of the interests of the class – exactly what a class representative should not be doing.²

IV. CONCLUSION

For all the foregoing reasons, Inter-Local Fund respectfully requests that the Court: (i) consolidate the actions; (ii) appoint it as Lead Plaintiff in the actions; (iii) approve its selection of Lead Counsel as set forth herein; and (iv) grant such other relief as the Court may deem just and proper.

² In light of the serious concerns raised about the relationship of the U.S. Public Pension Funds with Ambac, the Court should permit limited discovery of the members of the U.S. Public Pension Funds on this issue. *See Brown v. Biogen IDEC, Inc.*, No. 05-10400-RCL, 2005 U.S. Dist. LEXIS 19350, at *7 (D. Mass. July 26, 2005) (quoting 15 U.S.C. §78u-4(a)(3)(B)(iv)) (allowing discovery of lead plaintiff movant when a movant sets forth "a reasonable basis for a finding that the presumptively most adequate plaintiff is incapable of adequately representing the class").

DATED: April 3, 2008

COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
SAMUEL H. RUDMAN
DAVID A. ROSENFELD
MARIO ALBA, JR.

/s/ Samuel H. Rudman
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[Proposed] Lead Counsel for Plaintiffs

CERTIFICATE OF SERVICE

I, Samuel H. Rudman, hereby certify that on April 3, 2008, I caused a true and correct copy of the attached:

Memorandum in Further Support of the Motion of Inter-Local Pension Fund
GCC/IBT for Consolidation, Appointment as Lead Plaintiff and for Approval of
Selection of Lead Counsel and in Opposition to the Motion of the U.S. Public
Pension Funds

to be served: (i) electronically on all counsel registered for electronic service for this case; and (ii) by first-class mail to any additional counsel.

/s/ Samuel H. Rudman.

Samuel H. Rudman

AMBAC FINANCIAL

Service List - 3/18/2008 (08-0008)

Page 1 of 2

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AMBAC FINANCIAL

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number **811-7362**

Salomon Brothers Municipal Partners Fund Inc.

(Exact name of registrant as specified in charter)

125 Broad Street, New York, NY 10004
(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.
Legg Mason & Co., LLC
300 First Stamford Place
Stamford, CT 06902
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-800-725-6666

Date of fiscal year end: **December 31**
Date of reporting period: **March 31, 2006**

ITEM 1. SCHEDULE OF INVESTMENTS

SALOMON BROTHERS MUNICIPAL PARTNERS FUND INC.

FORM N-Q
MARCH 31, 2006

SALOMON BROTHERS MUNICIPAL PARTNERS FUND INC.

Schedule of Investments (unaudited)

March 31, 2006

FACE

RATING

AMOUNT	G‡	SECURITY	VALUE
MUNICIPAL BONDS — 99.3%			
California — 6.2%			
\$ 1,000,000	A3(a)	California Health Facilities Financing Authority Revenue, Cedars-Sinai Medical Center, 5.000% due 11/15/34	\$ 1,012,910
1,575,000	A	California State, GO, 5.125% due 6/1/24	1,623,494
1,250,000	AAA	Huntington Beach, CA, Union High School District, GO, Election 2004, FSA-Insured, 5.000% due 8/1/29	1,301,775
2,000,000	AAA	Los Angeles, CA, Department of Water & Power Revenue, Power Systems, Sub-Series A-1, FSA-Insured, 5.000% due 7/1/35	2,087,160
1,370,000	AAA	Pleasant Valley, CA, GO, School District, Ventura County, Series A, MBIA-Insured, 5.850% due 2/1/17	1,560,937
Total California			7,586,276
Colorado — 1.4%			
600,000	BBB+	Colorado Health Facilities Authority Revenue, Poudre Valley Health Care, Series F, 5.000% due 3/1/25	602,118
Colorado Springs, CO, Hospital Revenue:			
505,000	A-	6.375% due 12/15/30	546,349
495,000	A-	Call 12/15/10 @101, 6.375% due 12/15/30 (b)	552,653
Total Colorado			1,701,120
District of Columbia — 1.7%			
2,000,000	AAA	District of Columbia Revenue, American University, AMBAC-Insured, 5.625% due 10/1/26	2,036,540
Hawaii — 1.8%			
2,000,000	AAA	Hawaii State Airport System Revenue, Series B, FGIC-Insured, 6.000% due 7/1/19 (c)	2,162,020
Illinois — 15.2%			
3,750,000	AAA	Chicago, IL, Board of Education, GO, Chicago School Reform, AMBAC-Insured, Call 12/1/07 @ 102, 5.750% due 12/1/27 (b)	3,952,275
Chicago, IL, GO, Series A, FSA-Insured:			
145,000	AAA	5.250% due 1/1/16	155,270
355,000	AAA	Call 1/1/14 @ 100, 5.250% due 1/1/16 (b)	385,285
Chicago, IL, Midway Airport Revenue:			
2,000,000	AAA	Series A, MBIA-Insured, 5.500% due 1/1/29	2,045,720
2,000,000	AAA	Series B, MBIA-Insured, 5.625% due 1/1/29 (c)	2,042,000
2,000,000	AAA	Chicago, IL, Park District, Refunding, Series D, FGIC-Insured, 5.000% due 1/1/29	2,082,900
1,250,000	AAA	Chicago, IL, Sales Tax Revenue, FSA-Insured, 5.000% due 1/1/22	1,308,338
2,000,000	Aaa(a)	Illinois DFA, Revolving Fund Revenue, 5.250% due 9/1/12	2,144,860
1,000,000	AA+	Illinois EFA Revenue, Northwestern University, 5.500% due 12/1/13	1,074,180
1,500,000	Aa3(a)	Illinois Health Facilities Authority Revenue, Refunding, Lutheran General Health System, Series C, 7.000% due 4/1/14	1,771,155
1,500,000	AAA	Illinois State, GO, First Series, FSA-Insured, 5.500% due 5/1/16	1,655,010
Total Illinois			18,616,993
Indiana — 3.3%			
Indiana Bond Bank Revenue, Series B:			
1,125,000	AAA	5.000% due 8/1/23	1,155,094
625,000	AAA	Call 8/1/10 @ 101, 5.000% due 8/1/23 (b)	662,556
1,195,000	AAA	Indiana Health Facility Financing Authority, Hospital Revenue, Community Hospital Project, Series A, AMBAC-Insured, 5.000% due 5/1/35	1,228,329
1,000,000	BBB+	Indiana State DFA Environment Improvement Revenue, USX Corp. Project, 5.250% due 12/1/22	1,061,670
Total Indiana			4,107,649

See Notes to Schedule of Investments.

SALOMON BROTHERS MUNICIPAL PARTNERS FUND INC.

Schedule of Investments (unaudited) (continued)

March 31, 2006

FACE	RATING	SECURITY	VALUE
AMOUNT	G+		
Iowa — 0.9%			
\$ 1,000,000	A1(a)	Iowa Finance Authority, Hospital Facility Revenue, Call 2/15/10 @101, 6.750% due 2/15/16 (b)	\$ 1,115,410
Kansas — 1.3%			
1,430,000	AA	Kansas State Development Finance Authority, Health Facilities Revenue, Sisters of Charity, Series J, 6.250% due 12/1/28	1,553,480
Maryland — 5.7%			
		Maryland State Health & Higher Educational Facilities Authority Revenue:	
1,500,000	Baa1(a)	Carroll County General Hospital, 6.000% due 7/1/37	1,588,605
1,000,000	A	Suburban Hospital, Series A, 5.500% due 7/1/16	1,075,340
500,000	A+	University of Maryland Medical Systems, 6.000% due 7/1/32	539,860
1,000,000	A3(a)	University of Maryland Medical Systems, Call 7/01/10 @ 101, 6.750% due 7/1/30 (b)	1,126,990
2,500,000	Aaa(a)	Northeast Maryland Waste Disposal Authority, Solid Waste Revenue, AMBAC-Insured, 5.500% due 4/1/15 (c)	2,665,700
		Total Maryland	6,996,495
Massachusetts — 5.0%			
2,500,000	AA-	Massachusetts State Health & EFA Revenue, Partners Healthcare System, Series C, 5.750% due 7/1/32	2,695,900
		Massachusetts State Water Pollution Abatement Trust Revenue, MWRA Program, Series A:	
2,540,000	AAA	5.750% due 8/1/29	2,712,491
630,000	AAA	Call 8/1/09 @101, 5.750% due 8/1/29 (b)	676,305
		Total Massachusetts	6,084,696
Michigan — 1.3%			
1,500,000	AA-	Michigan State, Hospital Finance Authority Revenue, Trinity Health, Series C, 5.375% due 12/1/30	1,572,135
Nevada — 0.7%			
		Nevada Housing Division Revenue, Single-Family Program, Series B-2:	
845,000	Aa2(a)	6.400% due 10/1/25 (c)	845,760
25,000	Aa2(a)	6.950% due 10/1/26 (c)	25,011
		Total Nevada	870,771
New Hampshire — 0.1%			
105,000	A+	New Hampshire State HFA, Single-Family Residential Revenue, Series A, 6.800% due 7/1/15 (c)	106,089
New Jersey — 10.3%			
		New Jersey EDA:	
5,150,000	AAA	PCR, Revenue, Public Service Electric and Gas Co. Project, Series A, MBIA-Insured, 6.400% due 5/1/32 (c)	5,225,654
4,450,000	AAA	Water Facilities Revenue, New Jersey American Water Co. Inc. Project, Series A, FGIC-Insured, 6.875% due 11/1/34 (c)	4,506,337
1,000,000	A2(a)	New Jersey Health Care Facilities Financing Authority Revenue, Hackensack University Medical Center, 6.000% due 1/1/25	1,062,460
1,695,000	AAA	New Jersey State, EFA Revenue, Princeton University, Series A, 5.000% due 7/1/21	1,799,276
		Total New Jersey	12,593,727
New York — 12.0%			
		New York City, NY, GO:	
		Series A:	
10,000	A+	6.000% due 5/15/30	10,831
990,000	A+	Call 5/15/10 @ 101, 6.000% due 5/15/30 (b)	1,086,773
500,000	A+	Series G, 5.000% due 12/1/33	512,695

SALOMON BROTHERS MUNICIPAL PARTNERS FUND INC.

Schedule of Investments (unaudited) (continued)

March 31, 2006

FACE AMOUNT	RATIN G‡	SECURITY	VALUE
New York (continued)			
New York City, NY, Municipal Water Finance Authority, Water & Sewer Systems Revenue:			
		Series B:	
\$ 1,000,000	AA+	5.125% due 6/15/31	\$ 1,033,760
1,175,000	AA+	Call 6/15/07 @ 101, 5.750% due 6/15/29 (b)	1,217,171
2,000,000	AA+	Series D, 5.000% due 6/15/37	2,065,580
1,250,000	AAA	New York City, NY, TFA Revenue, Series A, 5.500% due 11/15/17	1,361,412
		New York State Dormitory Authority Revenue, Court Facilities Lease, NYC Issue, Non State Supported Debt, Series A, AMBAC-Insured:	
1,000,000	AAA	5.500% due 5/15/28	1,159,150
5,365,000	AAA	5.500% due 5/15/30	6,236,544
Total New York			14,683,916
Ohio — 7.2%			
2,000,000	BBB+	Miami County, OH, Hospital Facilities Revenue, Upper Valley Medical Center, Series C, 6.250% due 5/15/13	2,044,220
6,700,000	A+	Ohio State Water Development Authority, Solid Waste Disposal Revenue, North Star BHP Steel, Cargill Inc., 6.300% due 9/1/20 (c)	6,842,308
Total Ohio			8,886,528
Pennsylvania — 0.2%			
250,000	AAA	Philadelphia, PA, School District GO, Series A, FSA-Insured, Call 2/1/12 @ 100, 5.500% due 2/1/31 (b)	272,075
Puerto Rico — 2.8%			
3,000,000	AAA	Puerto Rico Commonwealth Infrastructure Financing Authority, Series C, AMBAC-Insured, 5.500% due 7/1/25	3,429,510
Tennessee — 3.4%			
3,500,000	AAA	Memphis-Shelby County, TN, Airport Authority Revenue, Series D, AMBAC-Insured, 6.000% due 3/1/24 (c)	3,751,405
435,000	AA	Tennessee Housing Development Agency Revenue, Homeownership Program, Series 2B, 6.350% due 1/1/31 (c)	437,040
Total Tennessee			4,188,445
Texas — 11.5%			
2,500,000	AAA	Aledo, TX, GO, ISD, School Building, Series A, PSF-Insured, 5.000% due 2/15/30	2,584,925
1,000,000	Aaa(a)	Edgewood, TX, ISD, PSFG-Insured, 5.250% due 2/15/18	1,073,990
1,165,000	A	Harris County, TX, Health Facilities Development Corp. Hospital Revenue, Memorial Hermann Healthcare System, Series A, 5.250% due 12/1/17	1,218,718
1,500,000	AAA	Houston, TX, Utility System Revenue, Combined First Lien, FSA-Insured, 5.000% due 11/15/35	1,552,050
1,600,000	AAA	Lake Dallas, TX, GO, ISD, School Building, PSF-Insured, 5.000% due 8/15/34	1,643,968
100,000	AAA	North Harris Montgomery Community College District, TX, GO, FGIC-Insured, 5.375% due 2/15/16	107,160
1,000,000	Baa2(a)	Sabine River Authority, Texas Pollution Control, Refunding, Remarketed 11/29/05, 5.200% due 5/1/28 (d)	1,021,910
3,500,000	AAA	Texas State Turnpike Authority Revenue, First Tier, Series A, AMBAC-Insured, 5.500% due 8/15/39	3,758,160
1,000,000	AAA	Williamson County, TX, GO, MBIA-Insured, 5.250% due 2/15/21	1,079,960
Total Texas			14,040,841
Washington — 7.3%			
1,000,000	AAA	Chelan County, WA, Public Utility District, Chelan Hydro System No.1, Construction Revenue, Series A, AMBAC-Insured, 5.450% due 7/1/37 (c)	1,055,610

SALOMON BROTHERS MUNICIPAL PARTNERS FUND INC.

Schedule of Investments (unaudited) (continued)

March 31, 2006

FACE AMOUNT	RATIN G‡	SECURITY	VALUE
Washington (continued)			
\$ 2,000,000	AAA	Port of Seattle, WA, Revenue, Refunding, Intermediate Lien, Series A, MBIA-Insured, 5.000% due 3/1/30	\$ 2,069,740
4,250,000	AAA	Seattle, WA, GO, Series B, FSA-Insured, Call 12/1/09 @ 101, 5.750% due 12/1/28 (b)	4,589,150
1,200,000	AAA	Washington State Public Power Supply System Revenue, Nuclear Project No. 1, Series A, MBIA-Insured, 5.125% due 7/1/17	1,250,304
Total Washington			8,964,804
TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS			
(Cost — \$117,344,079)			121,569,520
FACE AMOUNT		SECURITY	VALUE
SHORT-TERM INVESTMENTS(d)(e) — 0.7%			
Idaho — 0.6%			
700,000	A-1+	Idaho Health Facility Authority Revenue, St. Lukes Regional Medical Center Project, FSA-Insured, SPA-Bayerische Landesbank, 3.150%, 4/3/06	700,000
Kansas — 0.1%			
200,000	A-1+	Kansas State Department of Transportation, Highway Revenue, Series B-1, LIQ-Pooled Money Investment Board, 3.150%, 4/3/06	200,000
TOTAL SHORT-TERM INVESTMENTS			900,000
(Cost — \$900,000)			900,000
TOTAL INVESTMENTS — 100.0% (Cost — \$118,244,079#)			\$ 122,469,520

‡ All ratings are by Standard & Poor's Ratings Service, unless otherwise noted. All ratings are unaudited.

(a) Rating by Moody's Investors Service.

(b) Pre-Refunded bonds are escrowed with government obligations and/or government agency securities and are considered by the Manager to be triple-A rated even if issuer has not applied for new ratings.

(c) Income from this issue is considered a preference item for purposes of calculating the alternative minimum tax ("AMT").

(d) Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2006.

(e) Variable rate demand obligations have a demand feature under which the Fund can tender them back to the issuer on no more than 7 days notice. Date shown is the date of the next interest rate change.

Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

AMBAC - Ambac Assurance Corporation

DFA - Development Finance Agency

EDA - Economic Development Authority

EFA - Educational Facilities Authority

FGIC - Financial Guaranty Insurance Company

FSA - Financial Security Assurance

GO - General Obligation

HFA - Housing Finance Authority

ISD - Independent School District

LIQ - Liquidity Facility

MBIA - Municipal Bond Investors Assurance Corporation

MWRA - Massachusetts Water Resources Authority

PCR - Pollution Control Revenue

PSF - Permanent School Fund

PSFG - Permanent School Fund Guaranty

SPA - Standby Bond Purchase Agreement

TFA - Transitional Finance Authority

SALOMON BROTHERS MUNICIPAL PARTNERS FUND INC.**Schedule of Investments (unaudited) (continued)****March 31, 2006****Summary of Investments by Industry***

Education	15.8%
Hospitals	14.4%
Pollution Control	13.8%
Transportation	13.1%
Pre-Refunded	12.8%
Utilities	7.0%
General Obligation	5.9%
Water and Sewer	5.5%
Public Facilities	2.8%
Industrial Development	1.7%
Electric	1.7%
Life Care Systems	1.3%
Housing: Single Family	1.1%
Sales Tax	1.1%
Miscellaneous	1.1%
Lease	0.9%
	100.0%

*As a percentage of total investments.

See Notes to Schedule of Investments.

Bond Ratings (unaudited)

The definitions of the applicable rating symbols are set forth below:

Standard & Poor's Ratings Service ("Standard & Poor's")—Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (–) sign to show relative standings within the major rating categories.

- AAA — Bonds rated "AAA" have the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is extremely strong.
- AA — Bonds rated "AA" have a very strong capacity to pay interest and repay principal and differ from the highest rated issues only in a small degree.
- A — Bonds rated "A" have a strong capacity to pay interest and repay principal although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.
- BBB — Bonds rated "BBB" are regarded as having an adequate capacity to pay interest and repay principal. Whereas they normally exhibit adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for bonds in this category than in higher rated categories.
- BB, B, CCC,
CC and C — Bonds rated "BB", "B", "CCC", "CC" and "C" are regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. "BB" represents the lowest degree of speculation and "C" the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.
- D — Bonds rated "D" are in default and payment of interest and/or repayment of principal is in arrears.

Moody's Investors Service ("Moody's")—Numerical modifiers 1, 2 and 3 may be applied to each generic rating from "Aa" to "Caa," where 1 is the highest and 3 the lowest ranking within its generic category.

- Aaa — Bonds rated "Aaa" are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.
- Aa — Bonds rated "Aa" are judged to be of high quality by all standards. Together with the "Aaa" group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in "Aaa" securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in "Aaa" securities.
- A — Bonds rated "A" possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment some time in the future. Baa — Bonds rated "Baa" are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.
- Ba — Bonds rated "Ba" are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and therefore

not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

- B — Bonds rated "B" are generally lack characteristics of desirable investments. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.
- Caa — Bonds rated "Caa" are of poor standing. These may be in default, or present elements of danger may exist with respect to principal or interest.
- Ca — Bonds rated "Ca" represent obligations which are speculative in a high degree. Such issues are often in default or have other marked short-coming.
- C — Bonds rated "C" are the lowest class of bonds and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.
- NR — Indicates that the bond is not rated by Standard & Poor's, Moody's or Fitch Ratings Service.

Short-Term Security Ratings (*unaudited*)

- SP-1 — Standard & Poor's highest rating indicating very strong or strong capacity to pay principal and interest; those issues determined to possess overwhelming safety characteristics are denoted with a plus (+) sign.
- A-1 — Standard & Poor's highest commercial paper and variable-rate demand obligation (VRDO) rating indicating that the degree of safety regarding timely payment is either overwhelming or very strong; those issues determined to possess overwhelming safety characteristics are denoted with a plus (+) sign.
- VMIG 1 — Moody's highest rating for issues having a demand feature — VRDO.
- MIG1 — Moody's highest rating for short-term municipal obligations.
- P-1 — Moody's highest rating for commercial paper and for VRDO prior to the advent of the VMIG 1 rating.

Notes to Schedule of Investments (unaudited)**1. Organization and Significant Accounting Policies**

The Salomon Brothers Municipal Partners Fund Inc. (the "Fund") was incorporated in Maryland on November 24, 1992 and is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended, (the "1940 Act").

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles ("GAAP").

(a) Investment Valuation. Securities are valued at the mean between the bid and asked prices provided by an independent pricing service that are based on transactions in municipal obligations, quotations from municipal bond dealers, market transactions in comparable securities and various other relationships between securities. Securities for which market quotations are not readily available or are determined not to reflect fair value, will be valued in good faith by or under the direction of the Fund's Board of Directors. Short-term obligations with maturities of 60 days or less are valued at amortized cost, which approximates value.

(b) Security Transactions. Security transactions are accounted for on a trade date basis.

2. Investments

At March 31, 2006, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$ 4,909,997
Gross unrealized depreciation	(684,556)
Net unrealized appreciation	\$ 4,225,441

ITEM

2.

CONTROLS AND PROCEDURES.

(a)

The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

(b)

There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM

3.

EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Salomon Brothers Municipal Partners Fund Inc.

By /s/ R. Jay Gerken

R. Jay Gerken
Chief Executive Officer

Date: May 30, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ R. Jay Gerken

R. Jay Gerken
Chief Executive Officer

Date: May 30, 2006

By /s/ Frances M. Guggino

Frances M. Guggino
Chief Financial Officer

Date: May 30, 2006

CERTIFICATIONS

I, R. Jay Gerken, certify that:

1. I have reviewed this report on Form N-Q of Salomon Brothers Municipal Partners Fund Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:

May 30, 2006

/s/ R. Jay Gerken

R. Jay Gerken
Chief Executive Officer

I, Frances M. Guggino, certify that:

1. I have reviewed this report on Form N-Q of Salomon Brothers Municipal Partners Fund Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 30, 2006

/s/ Frances M. Guggino

Frances M. Guggino
Chief Financial Officer

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Municipal Advantage Fund Inc · N-Q · For 7/31/05

Filed On 9/19/05 2:34pm ET · SEC File 811-07532 · Accession Number 930413-5-6624

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9/19/05	Municipal Advantage Fund Inc	N-Q	7/31/05 2:9	

Quarterly Schedule of Portfolio Holdings of a Management Investment Company · Form N-Q Filing Table of Contents

<u>Document/Exhibit</u>	<u>Description</u>	<u>Pages</u>	<u>Size</u>
1: <u>N-Q</u>	<u>Quarterly Schedule of Portfolio Holdings of a Management Investment Company</u>	7	50K
2: <u>EX-99.CERT</u>	Miscellaneous Exhibit	2	15K

N-Q · Quarterly Schedule of Portfolio Holdings of a Management Investment Company Document Table of Contents

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6	<u>Item 2. Controls and Procedures</u>	<u>Controls and Procedures</u>	
"	<u>Item 3. Exhibits</u>	<u>Exhibits</u>	
		<u>Schedule of Investments</u>	

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OMB APPROVAL

OMB Number: 3235-0578
 Expires: February 28, 2006
 Estimated average burden
 hours per response: 20.0

UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, DC 20549

FORM N-Q**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
 MANAGEMENT INVESTMENT COMPANY**

Investment Company Act File Number: 811-07532

Registrant Name: MUNICIPAL ADVANTAGE FUND INC.

Address of Principal Executive Offices: 1345 Avenue of the Americas New York, New York 10105

Name and Address of Agent for Service: Lawrence G. Altadonna - 1345 Avenue of the Americas New York, New York 10105

Registrant's telephone number, including area code: 212-739-3371

Date of Fiscal Year End: 10/31/05

Date of Reporting Period: 7/31/05

Form N-Q is to be used by the registered management investment company, other than a small business investment company registered on Form N-5 (ss.ss. 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b 1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

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ITEM 1. SCHEDULE OF INVESTMENTS

MUNICIPAL ADVANTAGE FUND INC.
SCHEDULE OF INVESTMENTS
JULY 31, 2005
(UNAUDITED)

[Enlarge/Download Table](#)

PRINCIPAL AMOUNT (000)		CREDIT RATING (MOODY'S/S&P)	VALUE*
MUNICIPAL BONDS-98.9%			
CALIFORNIA-11.7%			
\$1,000	Foothill/Eastern Corridor Agcy., Toll Rd. Rev., 5.75%, 1/15/40	Baa3/BBB-	\$ 1,024,320
5,000	Golden State Tobacco Securitization Corp. Rev., 5.00%, 6/1/38 (AMBAC)	Aaa/AAA	5,441,050
1,000	Los Angeles Unified School Dist. GO, 5.75%, 7/1/16 (MBIA)	Aaa/AAA	1,167,110
1,400	Sacramento Muni. Utility Electric Dist. Rev., 5.75%, 7/1/18, Ser. K (AMBAC)	Aaa/AAA	1,645,308
1,000	State Dept. Water Res. Rev., 5.50%, 5/1/16, Ser. A (AMBAC)	Aaa/AAA	1,114,470
7,000	State GO, 5.125%, 11/1/24	A2/A	7,422,240
1,000	State Health Facs. Financing Auth. Rev., 5.00%, 3/1/33	NR/A	1,011,920
			18,826,418
COLORADO-1.0%			
1,500	Denver Convention Center, Hotel Auth. Rev., 5.00%, 12/1/21, Ser. A (XLCA)	Aaa/AAA	1,579,290
DISTRICT OF COLUMBIA-1.4%			
955	State GO, 5.25%, 6/1/27, Ser. A (MBIA)	Aaa/AAA	1,008,662
145	5.25%, 6/1/27, Ser. A (MBIA) (Pre-refunded @101, 6/1/08) (a)	Aaa/AAA	155,141
1,000	World Wildlife Fund, 6.00%, 7/1/18, Ser. A (AMBAC)	Aaa/AAA	1,123,430
			2,287,233
FLORIDA-4.3%			
1,355	Highlands Cnty., Health Facs. Auth. Rev., 5.375%, 11/15/35	A2/A	1,419,024
1,000	Jacksonville Port Auth. Airport Rev., 6.25%, 10/1/24, Ser. A (FGIC) (b)	Aaa/AAA	1,024,950
4,275	Miami-Dade Cnty., Expressway Auth. Toll System Rev., 5.00%, 7/1/29, Ser. B (FGIC)	Aaa/AAA	4,501,147
			6,945,121
GEORGIA-8.2%			
1,000	Atlanta Dev. Auth. Rev., 5.25%, 7/1/12, Ser. A	A3/NR	1,074,900
2,350	Atlanta Water & Wastewater Rev., 5.00%, 11/1/37 (FSA)	Aaa	2,467,030
5,200	5.00%, 11/1/43 (FSA)	Aaa	5,418,712
2,000	Chatham Cnty. Hospital Auth. Rev., 5.75%, 1/1/29	A3/A-	2,153,240
1,750	Cherokee Cnty. Water & Sewer Auth. Rev., 5.50%, 8/1/23 (MBIA)	Aaa/AAA	2,032,958
			13,146,840
HAWAII-2.7%			
1,000	State Airport System Rev., 5.75%, 7/1/21, Ser. A (FGIC)	Aaa/AAA	1,101,220

3,000	State Dept. of Budget & Finance, 5.75%, 12/1/18, Ser. B (AMBAC) (b)	Aaa/AAA	3,263,490

	ILLINOIS-12.6%		
6,535	Chicago GO, 5.00%, 1/1/43 (AMBAC)	Aaa/AAA	6,761,699
1,145	Chicago O' Hare Intl. Airport Rev., 5.50%, 1/1/15 (AMBAC)	Aaa/AAA	1,252,401
1,800	Chicago School Board of Education Reform GO, 5.25%, 12/1/21, Ser. A (FGIC)	Aaa/AAA	2,035,422
1,000	Chicago Wastewater Transmission Rev., 6.00%, 1/1/17 (MBIA) (Pre-refunded @ 101, 1/1/10) (a)	Aaa/AAA	1,120,190
1,000	Chicago Water Rev., 5.25%, 11/1/17 (FGIC) ..	Aaa/AAA	1,062,430
1,000	Health Facs. Auth. Rev., Centegra Health System, 5.25%, 9/1/24	NR/A-	1,024,260
1,000	Madison & St. Clair Cnty. School Dist., GO, 5.50%, 2/1/16 (FGIC)	Aaa/AAA	1,104,790
1,100	McHenry & Lake Cntys., Cmnty. High School Dist., GO, 5.125%, 1/1/19 (FGIC)	Aaa/NR	1,176,901
1,005	Regional Transmission Auth., 5.50%, 6/1/16, Ser. B (FGIC)	Aaa/AAA	1,146,936
2,000	6.00%, 6/1/23 (FGIC)	Aaa/AAA	2,451,500
1,000	State Toll Highway Auth. Rev., 5.50%, 1/1/15, Ser. A (FSA)	Aaa/AAA	1,132,710

	INDIANA-0.7%		
1,000	Indianapolis Local Public Impt. Board, 5.00%, 2/1/17, Ser. A	Aaa/AAA	1,049,520

	KENTUCKY-1.4%		
2,125	Louisville & Jefferson Cnty. Regional Airport Auth. System Rev., 5.375%, 7/1/23, Ser. A (FSA) (b)	Aaa/AAA	2,252,351

	LOUISIANA-3.4%		
5,000	New Orleans GO, 5.25%, 12/1/29 (AMBAC)	Aaa/AAA	5,393,800

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MUNICIPAL ADVANTAGE FUND INC.
SCHEDULE OF INVESTMENTS
JULY 31, 2005
(UNAUDITED) (CONTINUED)

[Enlarge/Download Table](#)

PRINCIPAL AMOUNT (000)		CREDIT RATING (MOODY'S/S&P)	VALUE*
<hr/>			
MUNICIPAL BONDS (continued)			
MASSACHUSETTS-1.7%			
\$1,500	State GO, 5.50%, 11/1/20, Ser. C (Pre-refunded @ 100, 11/1/12) (a)	Aa2/AA	\$1,669,635
1,000	State Health & Educational Facs. Auth. Rev., 5.125%, 7/1/19, Ser. B	Aa3/AA-	1,043,070
90	State Water Pollution Abatement Trust, 6.375%, 2/1/15, Ser.A.	Aaa/AAA	91,160
			<hr/>
			2,803,865
			<hr/>
MICHIGAN-2.9%			
1,065	Bloomingdale Public School Dist., No. 16, GO, 5.50%, 5/1/19	Aa2/AA	1,178,785
2,000	Grand Valley Univ. Rev., 5.50%, 2/1/18 (FGIC).	Aaa/AAA	2,259,600
1,075	Lincoln School Dist., GO., 5.50%, 5/1/19 (Pre-refunded @ 100, 11/1/11) (a)	Aa2/AA	1,195,615
			<hr/>
			4,634,000
			<hr/>
NEVADA-1.0%			
1,100	Clark Cnty. Park & Regional Justice Center GO, 5.50%, 11/1/17 (Pre-refunded @ 100, 11/1/09) (a)	Aa2/AA	1,199,847
	Housing Division Rev.,		
65	5.65%, 4/1/22, Ser. A(b)	NR/AA	67,055
160	5.95%, 4/1/22 (b)	Aa2/AA	165,302
115	6.125%, 4/1/22, Ser. B-2 (FHA) (b)	Aa2/AA	120,138
115	6.20%, 4/1/17, Ser. B-1 (AMBAC)	Aaa/AAA	115,692
			<hr/>
			1,668,034
			<hr/>
NEW HAMPSHIRE-0.1%			
	State Housing Finance Auth.,		
65	6.50%, 7/1/14, Ser. D (b)	Aa2/NR	65,771
60	6.90%, 7/1/19, Ser. C (b)	Aa2/NR	60,271
			<hr/>
			126,042
			<hr/>
NEW JERSEY-4.6%			
5,510	State Economic Dev. Auth. Rev., 5.50%, 9/1/25, Ser. N-1 (FSA)	Aaa/AAA	6,491,827
750	Tobacco Settlement Financing Corp. Rev., 6.75%, 6/1/39	Baa3/BBB	885,570
			<hr/>
			7,377,397
			<hr/>
NEW MEXICO-5.2%			
8,035	Albuquerque Lodger Tax Rev., 5.00%, 7/1/37, Ser. A (FSA)	Aaa/AAA	8,399,387
			<hr/>
NEW YORK-6.9%			
1,500	State Dormitory Auth. Rev., New York Univ., 5.75%, 7/1/27, Ser. A (MBIA)	Aaa/AAA	1,816,350
	State GO,		
1,250	5.00%, 11/1/34, Ser. D	A1/A	1,300,650
2,000	5.00%, 4/1/35, Ser. M	A1/A	2,083,980
750	5.25% 9/15/33, Ser. C		798,030
1,000	5.50% 9/15/19, Ser. C		1,094,450

925	State Mortgage Agy. Rev., 5.80%, 10/1/12	Aa1/NR	952,750
2,825	Triborough Bridge & Tunnel Auth. Revs., 5.125%, 11/15/29, Ser. B	Aa2/AA-	2,974,838

			11,021,048

NORTH DAKOTA-0.5%

533	State Housing Finance Agcy. Rev., 5.50%, 7/1/18, Ser. C (b)	Aa1/NR	537,109
225	5.85%, 7/1/10, Ser. A (b)	Aa1/NR	231,455

			768,564

OHIO-5.7%

1,155	Akron Sewer System Rev., 5.25%, 12/1/18 (MBIA)	Aaa/NR	1,266,746
3,085	Cuyahoga Cnty., GO, 5.60%, 5/15/13 (MBIA) ...	Aaa/AAA	3,383,443
2,250	Hamilton Cnty. Sales Tax, 5.25%, 12/1/32, Ser. B (AMBAC)	Aaa/NR	2,413,867
1,000	Hamilton Cnty. Sewer System Rev., 5.75%, 12/1/25, Ser. A (MBIA)	Aaa/AAA	1,117,230
885	Summit Cnty., GO, 6.25%, 12/1/15 (FGIC) (Pre-refunded @ 101, 12/1/10) (a)	Aaa/AAA	1,015,007

			9,196,293

PENNSYLVANIA-2.1%

2,000	Allegheny Cnty. Hospital Dev. Auth., 6.00%, 7/1/23, Ser. B (MBIA)	Aaa/AAA	2,424,560
845	South Wayne Cnty. Water & Sewer, 5.95%, 10/15/13 (AMBAC) (b)	Aaa/AAA	962,278

			3,386,838

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MUNICIPAL ADVANTAGE FUND INC.
SCHEDULE OF INVESTMENTS
JULY 31, 2005
(UNAUDITED) (CONTINUED)

[Enlarge/Download Table](#)

	PRINCIPAL AMOUNT (000)		CREDIT RATING (MOODY'S/S&P)	VALUE*
MUNICIPAL BONDS (continued)				
SOUTH DAKOTA-0.6%				
\$870	Heartland Consumers Power Dist. Rev., 7.00%, 1/1/16	Aaa/AAA		\$1,015,133
TENNESSEE-0.9%				
405	Housing Dev. Agcy., 6.375%, 7/1/22 (b)	Aa2/AA		408,451
960	Memphis-Shelby Cnty. Airport Auth. Rev., 6.25%, 3/1/15, Ser. D (AMBAC) (b)	Aaa/AAA		1,068,374
				1,476,825
TEXAS-13.1%				
1,000	Alliance Airport Auth. Rev., 6.375%, 4/1/21 (b)	Baa2/BBB		1,042,150
1,000	Corpus Christi, GO, 5.00%, 3/1/21 (FSA)	Aaa/AAA		1,055,550
5,000	Dallas GO, 4.50%, 2/15/22	Aa1/AA		5,053,600
3,400	Fort Bend Indpt. School Dist., GO., 5.25%, 8/15/18 (PSF)	NR/AAA		3,663,126
	Houston Water Conveyance System, CP, (AMBAC), 6.25%, 12/15/14, Ser. J	Aaa/AAA		1,178,050
1,400	7.50%, 12/15/15, Ser. H	Aaa/AAA		1,813,028
1,500	Port Houston Auth., Harris Cnty., GO, 5.75%, 10/1/17 (b)	Aa1/AA		1,544,370
2,000	Richardson Hospital Auth., 6.00%, 12/1/19 ...	Baa2/BBB		2,187,760
250	State Public Finance Auth. Building Rev., 5.625%, 8/1/19, Ser. B (FSA)	Aaa/AAA		272,848
2,000	Texas Tech Univ. Rev., 5.50%, 8/15/18 (MBIA)	Aaa/AAA		2,201,420
1,000	Univ. Houston Revs., 5.25%, 2/15/17 (MBIA) ..	Aaa/AAA		1,071,180
				21,083,082
UTAH-0.1%				
40	State Housing Finance Agcy. (FHA), 6.35%, 7/1/11	Aaa/NR		40,390
20	6.55%, 1/1/22(b)	Aaa/AAA		20,128
20	6.55%, 7/1/26(b)	Aaa/AAA		20,227
				80,745
VERMONT-0.0%				
35	Housing Finance Agcy., 5.70%, 5/1/12, Ser. 9 (MBIA) (b)	Aaa/AAA		36,096
WASHINGTON-4.7%				
1,005	Franklin Cnty. Public Utility Rev., 5.625%, 9/1/15 (MBIA)	Aaa/AAA		1,113,038
1,000	Grant Cnty. Public Utility Dist., 4.75%, 1/1/38, Ser. B (FGIC) (b)	Aaa/AAA		993,410
1,500	Port Seattle Rev., 5.625%, 2/1/24, Ser.B (MBIA) (b)	Aaa/AAA		1,613,100
3,000	State GO, Motor Vehicle Dept., 5.625%, 7/1/25, Ser. B	Aa1/AA		3,260,430
500	Vancouver GO, 5.25%, 12/1/18 (MBIA)	Aaa/AAA		561,285
				7,541,263
WEST VIRGINIA-0.7%				
1,000	Braxton Cnty. Solid Waste Disp. Rev.,			

	Weyerhaeuser Co., 6.125%, 4/1/26 (b)	Baa2/BBB	1,047,820
<hr/>			
1,000	WYOMING-0.7% Student Loan Corp. Rev., 6.20%, 6/1/24, Ser. A	NR/AA	1,075,150
	Total Municipal Bonds (cost-\$152,122,275) ...		158,852,104
<hr/>			
1,000	OTHER MUNICIPAL BONDS-0.7% PUERTO RICO-0.7% Commonwealth Highway & Transportation Auth. Rev., 5.50%, 7/1/16, Ser. AA (PGIC) (cost-\$1,178,134)	Aaa/AAA	1,150,780
<hr/>			
500	VARIABLE RATE DEMAND NOTES (c)-0.4% IDAHO-0.3% State Health Facs. Auth. Rev., 2.12%, 8/1/05 (FSA)	VMIG1/A1	500,000
100	WYOMING-0.1% Lincoln Cnty. Pollution Control Rev., 2.19%, 8/1/05 (b)	P1/A1	100,000
	Total Variable Rate Demand Notes-cost-\$600,000)		600,000
	Total Investments (cost-\$153,900,409)-100.0%..		\$160,602,884
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OTHER INVESTMENTS:**FUTURES CONTRACTS OUTSTANDING AT JULY 31, 2005:**

TYPE	NOTIONAL AMOUNT	EXPIRATION DATE	UNREALIZED APPRECIATION
<hr/>			
Long: U.S. Treasury 30 Year Bond	\$2,500,000	9/30/05	\$5,318
			=====

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MUNICIPAL ADVANTAGE FUND INC.
SCHEDULE OF INVESTMENTS
JULY 31, 2005
(UNAUDITED) (CONTINUED)

* Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Portfolio securities and other financial instruments for which market quotations are not readily available or if a development/event occurs that may significantly impact the value of a security, may be fair-valued, in good faith, pursuant to guidelines established by the Board of Directors. The Fund's investments are valued daily by an independent pricing service. The independent pricing service uses information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Exchange traded futures are valued at the settlement price determined by the relevant exchange. Short-term investments maturing in 60 days or less are valued at amortized cost, if their original maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days. The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold. The Fund's net asset values is determined daily at the close of regular trading (normally 4:00 p.m. Eastern Time) on the New York Stock Exchange.

- (a) Pre-refunded bonds are collateralized by U.S. Government or other eligible securities which are held in escrow and used to pay principal and interest and retire the bonds at the earliest refunding date.
- (b) Subject to Alternative Minimum Tax.
- (c) Variable Rate Demand Notes - instruments whose interest rates change on a specific date (such as a coupon date or interest payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate). The rate shown is the rate in effect at July 31, 2005. Maturity date shown is date of next rate change.

Glossary:

AMBAC- insured by American Municipal Bond Assurance Corp.
 CP- Certificates of Participation
 FGIC- insured by Financial Guaranty Insurance Co.
 FHA- insured by Federal Housing Administration
 FSA- insured by Financial Security Assurance, Inc.
 GO- General Obligation Bonds
 MBIA- insured by Municipal Bond Investors Assurance
 NR- not rated
 PSF- Public School Fund
 XLCA - insured by XL Capital Assurance

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ITEM 2. CONTROLS AND PROCEDURES

(a) The registrant's President and Chief Executive Officer and Principal Financial Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Investment Company Act of 1940, as amended) are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes in the registrant's internal controls or in factors that could affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

ITEM 3. EXHIBITS

(a) Exhibit 99.CERT. - Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: Municipal Advantage Fund Inc.

By /s/ **Brian S. Shlissel**
President & Chief Executive Officer

Date: September 19, 2005

By /s/ **Lawrence G. Altadonna**
Treasurer, Principal Financial & Accounting Officer

Date: September 19, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dated indicated.

By /s/ **Brian S. Shlissel**
President & Chief Executive Officer

Date: September 19, 2005

By /s/ **Lawrence G. Altadonna**
Treasurer, Principal Financial & Accounting Officer

Date: September 19, 2005

Dates Referenced Herein and Documents Incorporated By Reference

<u><i>This N-Q Filing</i></u>	<u><i>Date</i></u>	<u><i>Referenced-On Page</i></u>		<u><i>Other Filings</i></u>
		<u><i>First</i></u>	<u><i>Last</i></u>	
For The Period Ended	7/31/05	<u>2</u>	<u>5</u>	
Filed On / Filed As Of / Effective As Of	9/19/05	<u>7</u>		
	2/28/06	<u>1</u>		

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number: 811-06434

Morgan Stanley Insured Municipal Trust
(Exact name of registrant as specified in charter)

1221 Avenue of the Americas, New York, New York
(Address of principal executive offices)

10020
(Zip code)

Ronald E. Robison
1221 Avenue of the Americas, New York, New York 10020
(Name and address of agent for service)

Registrant's telephone number, including area code: 212-762-4000

Date of fiscal year end: October 31, 2006

Date of reporting period: January 31, 2006

ITEM 1. SCHEDULE OF INVESTMENTS.

The Trust's schedule of investments as of the close of the reporting period prepared pursuant to Rule 12-12 of Regulation S-X is as follows:

MORGAN STANLEY INSURED MUNICIPAL TRUST
PORTFOLIO OF INVESTMENTS JANUARY 31, 2006 (UNAUDITED)

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
TAX-EXEMPT MUNICIPAL BONDS (139.5%)				
\$ 10,000	General Obligation (24.6%)			
3,000	North Slope Borough, Alaska, Ser 2000 B (MBIA)	0.00%	06/30/10	\$ 8,505,100
3,000	Los Angeles, California, Ser 2004 A (MBIA)	5.00	09/01/24	3,161,400
3,000	San Diego Unified School District, California, Ser 2003 E (FSA)	5.25	07/01/23	3,312,720
3,000	Florida Board of Education, Capital Outlay Refg 2002 Ser C (MBIA)	5.00	06/01/20	3,181,440
2,500	Honolulu City & County, Hawaii, ROLS RR II R 237-2 (MBIA)	7.356#	03/01/25	2,883,325
2,500	ROLS RR II R 237-3 (MBIA)	7.356#	03/01/26	2,836,575
8,000	Chicago, Illinois, Refg Ser 1992 (Ambac)	6.25	01/01/11	8,815,360
2,000	Refg 2001 A (MBIA)	0.00++	01/01/21	1,717,240
2,000	Refg 2001 A (MBIA)	0.00++	01/01/22	1,710,820
10,000	Illinois, Ser 2001 (MBIA)	5.375	04/01/15	11,106,700
10,000	Ser 2001 (MBIA)	5.375	04/01/16	11,137,000
3,000	Brainerd Independent School District 181, Minnesota, Ser 2002 A (FGIC)	5.375	02/01/18	3,261,780
4,000	Clark County, Nevada, Transportation Impr Ltd Tax Ser 06/01/92 B (Ambac)	6.50	06/01/17	4,861,760
1,880	King County, Washington, Refg 1998 Ser B (MBIA)	5.25	01/01/34	1,947,003
64,880				68,438,223
Educational Facilities Revenue (7.0%)				
2,000	Arizona Board of Regents, Arizona State University Ser 2004 COPs (Ambac)	5.00	09/01/30	2,074,080
1,000	University of California, Limited Projects Ser 2005 B (FSA)	5.00	05/15/30	1,041,580
2,000	Multi Purpose Ser Q (FSA)	5.00	09/01/31	2,071,940
1,735	Orange County Educational Facilities, Florida, Rollins College Ser 2005 (Ambac)	5.125	12/01/28	1,825,116
900	Fulton County Development Authority, Georgia, Morehouse College Ser 2000 (Ambac)	6.25	12/01/21	1,009,143
1,700	Morehouse College Ser 2000 (Ambac)	5.875	12/01/30	1,872,601
2,500	University of North Carolina, Ser 2000 (Ambac)	5.25	10/01/20	2,684,725
2,000	University of North Carolina at Wilmington, Student Housing Ser 2005 COPs (FGIC)	5.00	06/01/36	2,066,940
4,635	University of Vermont & State Agricultural College, Ser 2005 (MBIA)	5.00	10/01/40	4,805,568
18,470				19,451,693
Electric Revenue (12.7%)				
2,000	Indiana Municipal Power Agency, Power Supply 2004 Ser A (FGIC)	5.00	01/01/32	2,069,000
9,325	South Carolina Public Service Authority, Ser 2002 B (FSA)	5.375	01/01/17	10,073,331
2,000	Ser 2003 A (Ambac)	5.00	01/01/27	2,083,520
10,000	Lower Colorado River Authority, Texas, Refg Ser 1999 A (FSA)	5.875	05/15/16	10,817,200
10,000	Seattle, Washington, Light & Power Refg Rev 2001 (FSA)	5.125	03/01/26	10,340,000
33,325				35,383,051
Hospital Revenue (5.4%)				
3,000	Indiana Health Facilities Financing Authority, Community Health Ser 2005 A (Ambac)	5.00	05/01/35	3,096,210
2,000	Louisiana Public Facilities Authority, Baton Rouge General Medical Center-FHA Insured Mtge Ser 2004 (MBIA)	5.25	07/01/33	2,094,060
4,000	Minneapolis, Minnesota, Fairview Health 2005 Ser D (Ambac)	5.00	11/15/34	4,143,840
2,650	Montana Health Facilities Authority, Deaconess Billings Clinic Ser 1994 (Ambac)	7.054#	02/25/25	2,656,201

2,000	New York State Dormitory Authority, Montefiore Hospital - FHA Insured Mtge Ser 2004 (FGIC)	5.00	08/01/29	2,083,100
1,000	Medical University South Carolina Hospital Authority, FHA Insured Mtge Ser 2004 A (MBIA)	5.25	02/15/25	1,064,340
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14,650	-----	-----	-----	15,137,751
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	Industrial Development/Pollution Control Revenue (4.2%)			
5,000	Humboldt County, Nevada, Sierra Pacific Power Co Refg Ser 1987 (Ambac)	6.55	10/01/13	5,135,750
5,000	New York State Energy Research & Development Authority, Brooklyn Union Gas Co 1996 Ser (MBIA)	5.50**	01/01/21	5,108,350
1,500	Delaware County Industrial Development Authority, Pennsylvania, Aqua Inc Ser A 2005 (AMT) (FGIC)	5.00	11/01/37	1,535,595
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11,500	-----	-----	-----	11,779,695
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	Mortgage Revenue - Multi Family (1.5%)			
4,160	New Jersey Housing Mortgage Finance Authority, Home Buyer Ser 2000 CC (AMT) (MBIA)	5.875	10/01/31	4,176,765
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	Public Facilities Revenue (3.5%)			
2,000	Massachusetts School Building Authority, Dedicated Sales Tax 2005 Ser A (MBIA)	5.00	08/15/19	2,144,980
1,500	Albuquerque, New Mexico, Gross Receipts Lodgers' Tax Refg Ser 2004 A (FSA)	5.00	07/01/37	1,548,300
1,685	Oregon Department of Administrative Services, COPs Ser B (FGIC)	5.00	11/01/24	1,774,591
2,100	Erie County, Convention Center Authority, Pennsylvania, Convention Center Hotel Ser 2005 (FGIC)	5.00	01/15/36	2,179,002
2,000	Pennsylvania Public School Building Authority, Philadelphia School District Ser 2003 (FSA)	5.00	06/01/33	2,063,640
-----	-----	-----	-----	-----
9,285	-----	-----	-----	9,710,513
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	Recreational Facilities Revenue (7.3%)			
2,500	College Park Business & Industrial Development Authority, Georgia, Civic Center Ser 2000 (Ambac)	5.75	09/01/26	2,779,750
Iowa,				
3,600	Vision Iowa Ser 2001 (MBIA)	5.50	02/15/19	4,126,644
2,500	Vision Iowa Ser 2001 (MBIA)	5.50	02/15/20	2,875,075
10,000	Hamilton County, Ohio, Sales Tax Ser 2000 (Ambac)	5.25	12/01/32	10,574,000
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18,600	-----	-----	-----	20,355,469
-----	-----	-----	-----	-----
	Tax Allocation Revenue (0.9%)			
2,390	San Jose Redevelopment Agency, California, Merged Area Ser 2002 (MBIA)	5.00	08/01/32	2,443,440
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	Transportation Facilities Revenue (30.7%)			
5,000	Denver City & County, Colorado, Airport Refg Ser 2000 A (AMT) (Ambac)	6.00	11/15/18	5,419,100
Miami Dade County, Florida,				
2,155	Miami Int'l Airport Refg Ser 2003 B (AMT) (MBIA)	5.25	10/01/18	2,288,093
2,270	Miami Int'l Airport Refg Ser 2003 B (AMT) (MBIA)	5.25	10/01/19	2,405,633
5,000	Atlanta, Georgia, Airport Ser 2004 C (FSA)	5.00	01/01/33	5,153,900
5,000	Hawaii, Airports Refg Ser 2001 (AMT) (FGIC)	5.25	07/01/21	5,221,250
Chicago, Illinois,				
2,000	O' Hare Int'l Airport Third Lien Ser 2003 (AMT) (FSA)	5.75	01/01/23	2,199,100
3,000	O' Hare Int'l Airport Third Lien Ser A (MBIA)	5.25	01/01/25	3,234,300
4,000	Regional Transportation Authority, Illinois, Refg Ser 1999 (FSA)	5.75	06/01/21	4,717,920
2,500	Maryland Economic Development Corporation, Maryland Aviation Administration Ser 2003 (AMT) (FSA)	5.375	06/01/22	2,664,600
2,000	Massachusetts Turnpike Authority, Metropolitan Highway 1997 Ser A (MBIA)	5.00	01/01/37	2,030,520
5,000	Minneapolis - St Paul Metropolitan Airports Commission, Minnesota, Ser 2001 C (FGIC)	5.25	01/01/32	5,236,950

5,000	Nevada Department of Business & Industry, Las Vegas Monorail 1st Tier Ser 2000 (Ambac)	0.00	01/01/21	2,493,150
2,000	New Jersey Transportation Trust Fund Authority, 2005 Ser C (FGIC)	5.25	06/15/20	2,176,580
5,000	New Jersey Turnpike Authority, Ser 2003 A (Ambac)	5.00	01/01/30	5,179,900
6,805	Metropolitan Transportation Authority, New York, State Service Contract Refg Ser 2002 B (MBIA)	5.50	07/01/20	7,478,355
10,000	Transportation Refg Ser 2002 A (Ambac)	5.50	11/15/17	11,037,199
2,000	Transportation Refg Ser 2002 A (FGIC)	5.00	11/15/25	2,106,100
	Pennsylvania Turnpike Commission,			
4,000	Ser R 2001 (Ambac)	5.00	12/01/26	4,173,040
4,000	Ser A 2004 Ambac)	5.00	12/01/34	4,160,480
3,000	Harris County, Texas, Toll Road Sr Lien Ser 2005 A (FSA)	5.25	08/15/35	3,117,570
2,500	Port of Seattle, Washington, Ser 2001 B (AMT) (MBIA)	5.625	02/01/24	2,651,525

82,230				85,145,265
-----				-----
	Water & Sewer Revenue (34.2%)			
1,000	Phoenix Civic Improvement Corporation, Arizona, Jr Lien Wastewater Ser 2004 (MBIA)	5.00	07/01/27	1,047,160
5,000	San Diego County Water Authority, California, Ser 2004 A COPs (FSA)	5.00	05/01/29	5,219,850
10,000	Tampa Bay Water, Florida, Ser 2001 B (FGIC)	5.00	10/01/31	10,264,600
2,000	Atlanta, Georgia, Water & Wastewater Ser 1999 A (FGIC)	5.00	11/01/29	2,041,000
5,000	Honolulu City & County, Hawaii, Wastewater Ser 2001 (Ambac)	5.125	07/01/31	5,167,950
10,000	Louisville & Jefferson County Metropolitan Sewer District, Kentucky, Ser 1999 A (FGIC)	5.75	05/15/33	10,806,400
3,800	Louisville Board of Water Works, Kentucky, Water Ser 2000 (FSA)	5.50	11/15/25	4,067,140
5,000	Detroit, Michigan, Sewage Disposal Ser 2001 A (FGIC)	5.125	07/01/31	5,211,750
5,000	Grand Strand Water & Sewer Authority, South Carolina, Refg Ser 2001 (FSA)	5.00	06/01/31	5,148,650
	Austin, Texas,			
10,000	Water & Wastewater Refg Ser 2001 A (FSA)	5.125	05/15/27	10,328,600
2,000	Water & Wastewater Ser 2004 A (Ambac)	5.00	11/15/27	2,081,380
15,000	Houston, Texas, Combined Utility First Lien Refg 2004 Ser A (FGIC)	5.25	05/15/23	16,129,951
	San Antonio, Texas,			
2,000	Water & Refg Ser 2002 (FSA)	5.50	05/15/18	2,182,060
2,500	Water & Refg Ser 2002 (FSA)	5.50	05/15/20	2,721,750
	Wichita Falls, Texas,			
2,000	Water & Sewer Ser 2001 (Ambac)	5.375	08/01/20	2,151,420
3,000	Water & Sewer Ser 2001 (Ambac)	5.375	08/01/24	3,222,840
5,000	King County, Washington, Sewer Refg 2001 (FGIC)	5.00	01/01/31	5,127,100
2,000	West Virginia Water Development Authority, Loan Program IV 2005 Ser A (FSA)	5.00	11/01/44	2,070,900
-----				-----
90,300				94,990,501
-----				-----
	Other Revenue (4.4%)			
2,500	California, Economic Recovery Ser 2004 A (MBIA)	5.00	07/01/15	2,717,125
6,000	Golden State Tobacco Securitization Corporation, California, Enhanced Asset Backed 2005 A (FGIC)	5.00	06/01/38	6,191,580
3,000	Alexandria Industrial Development Authority, Virginia, Institute for Defense Analysis Ser 2000 A (Ambac)	5.90	10/01/30	3,300,600
-----				-----
11,500				12,209,305
-----				-----
	Refunded (3.1%)			
5,000	Hawaii, 1999 Ser CT (FSA)	5.875	09/01/09+	5,455,650
3,000	Utah Board of Regents, University of Utah - Huntsman Cancer Institute Refg Ser 2000 A (MBIA)	5.50	04/01/10+	3,263,250
-----				-----
8,000				8,718,900
-----				-----
369,290	TOTAL TAX-EXEMPT MUNICIPAL BONDS (Cost \$366,026,823)			387,940,571
-----				-----

500	SHORT-TERM TAX-EXEMPT MUNICIPAL OBLIGATION (0.2%) Harris County Health Facilities Development Corporation, Texas, Methodist Hospital Ser 2005 B (Demand 02/01/06) (Cost \$500,000)	3.07*	12/01/32	500,000
\$369,790	TOTAL INVESTMENTS (Cost \$366,526,823) (a) (b)	139.7%	388,440,571	
=====	OTHER ASSETS IN EXCESS OF LIABILITIES PREFERRED SHARES OF BENEFICIAL INTEREST	7.0 (46.7)	19,599,260 (130,022,632)	
	NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	100.0%	\$ 278,017,199	
		=====	=====	=====

Note: The categories of investments are shown as a percentage of net assets applicable to common shareholders.

AMT Alternative Minimum Tax.

COPs Certificates of Participation.

ETM Escrowed to maturity

FHA Federal Housing Authority.

ROLS Reset Option Longs.(Illiquid securities)

+ Prerefunded to call date shown.

++ Currently a zero coupon security; will convert to 5.56% and 5.58%, respectively on January 1, 2011.

++ Current coupon rate for residual interest bond. This rate resets periodically as the auction rate on the related security changes. Positions in inverse floating rate municipal obligation have a value of \$8,376,101, which represents 3.0% of net assets applicable to common shareholders.

* Current coupon of variable rate demand obligation.

** A portion of this security has been physically segregated in connection with open futures contracts in the amount of \$265,000.

(a) Securities have been designated as collateral in an amount equal to \$63,673,280 in connection with open futures contracts.

(b) The aggregate cost for federal income tax purposes is \$366,520,786. The aggregate gross unrealized appreciation is \$22,096,839 and the aggregate gross unrealized depreciation is \$177,054, resulting in net unrealized appreciation of \$21,919,785.

Bond Insurance:

Ambac	Ambac Assurance Corporation.
FGIC	Financial Guaranty Insurance Company.
FSA	Financial Security Assurance Inc.
MBIA	Municipal Bond Investors Assurance Corporation.

FUTURES CONTRACTS OPEN AT JANUARY 31, 2006:

NUMBER OF CONTRACTS	LONG/SHORT	DESCRIPTION, DELIVERY MONTH AND YEAR	UNDERLYING FACE AMOUNT AT VALUE	UNREALIZED APPRECIATION
500	Short	U.S. Treasury Notes 5 year, March 2006	\$ (52,867,190)	\$182,215
100	Short	U.S. Treasury Notes 10 year, March 2006	(10,843,750)	43,475
		Total unrealized appreciation.....		\$225,690
			=====	=====

**GEOGRAPHIC SUMMARY OF INVESTMENTS
BASED ON MARKET VALUE AS A PERCENT OF TOTAL INVESTMENTS
JANUARY 31, 2006 (UNAUDITED)**

Alaska	2.2%
Arizona	0.8
California	6.7
Colorado	1.4
Florida	5.2
Georgia	3.3
Hawaii	5.6
Illinois	11.5
Indiana	1.3
Iowa	1.8
Kentucky	3.8
Louisiana	0.5
Maryland	0.7
Massachusetts	1.1
Michigan	1.3
Minnesota	3.3
Montana	0.7
Nevada	3.2
New Jersey	3.0
New Mexico	0.4
New York	7.2
North Carolina	1.5
Ohio	2.7
Oregon	0.5
Pennsylvania	3.6
South Carolina	4.5
Texas	13.7
Utah	0.8
Vermont	1.2
Virginia	0.8
Washington	5.2
West Virginia	0.5
<hr/>	
Total+	100.0%
<hr/>	

+ Does not include open short futures contracts with an underlying face amount of \$63,710,940 with unrealized appreciation of \$225,690.

ITEM 2. CONTROLS AND PROCEDURES.

(a) The Trust's principal executive officer and principal financial officer have concluded that the Trust's disclosure controls and procedures are sufficient to ensure that information required to be disclosed by the Trust in this Form N-Q was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, based upon such officers' evaluation of these controls and procedures as of a date within 90 days of the filing date of the report.

(b) There were no changes in the Trust's internal control over financial reporting that occurred during the registrant's fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting.

ITEM 3. EXHIBITS.

(a) A separate certification for each principal executive officer and principal financial officer of the registrant are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Morgan Stanley Insured Municipal Trust

/s/ Ronald E. Robison

Ronald E. Robison
Principal Executive Officer
March 23, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Ronald E. Robison

Ronald E. Robison
Principal Executive Officer
March 23, 2006

/s/ Francis Smith

Francis Smith
Principal Financial Officer
March 23, 2006

EXHIBIT 3 A1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Ronald E. Robison, certify that:

1. I have reviewed this report on Form N-Q of Morgan Stanley Insured Municipal Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by his report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Omitted;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 23, 2006

/s/ Ronald E. Robison

Ronald E. Robison
Principal Executive Officer

EXHIBIT 3 A2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Francis Smith, certify that:

1. I have reviewed this report on Form N-Q of Morgan Stanley Insured Municipal Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Omitted;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 23, 2006

/s/ Francis Smith

Francis Smith
Principal Financial Officer

MFS® Arkansas Municipal Bond Fund

12/31/07
Quarterly portfolio holdings



MFS Arkansas Municipal Bond Fund
 PORTFOLIO OF INVESTMENTS (Unaudited) 12/31/07

Issuer		Shares/Par	Value (\$)
Municipal Bonds – 102.0%			
Airport and Port Revenue – 0.6%			
Little Rock, AR, Airport Rev., "A", FSA, 5.25%, 2019		\$ 800,000	\$ 817,672
General Obligations - General Purpose – 15.2%			
Arkansas College Savings, "A", ETM, 0%, 2017 (c)		\$ 1,840,000	\$ 1,272,305
Commonwealth of Puerto Rico, Public Improvement, MBIA, 5.75%, 2010 (c)		6,000,000	6,378,420
Commonwealth of Puerto Rico, Public Improvement, "A", CIFG, 5%, 2034		1,000,000	1,009,930
Puerto Rico Commonwealth Puerto Rico, "A", 5.25%, 2016 (c)		800,000	898,328
Puerto Rico Commonwealth Puerto Rico, "A", 5.25%, 2027		1,145,000	1,148,103
Puerto Rico Municipal Finance Agency, 5.5%, 2009 (c)(u)		6,500,000	6,816,225
Puerto Rico Public Buildings Authority Rev. (State Office Building), "F", XLCA, 5.25%, 2025		2,000,000	2,100,860
Puerto Rico Public Buildings Authority Rev., "M", 6.25%, 2023		385,000	432,463
Puerto Rico Public Buildings Authority Rev., "M", 6.25%, 2031		420,000	473,252
			\$ 20,529,886
General Obligations - Improvement – 1.3%			
Guam Government, "A", 5.25%, 2037		\$ 255,000	\$ 236,204
Puerto Rico Municipal Finance Agency, "A", FSA, 5.5%, 2017 (u)		1,470,000	1,541,516
			\$ 1,777,720
General Obligations - Schools – 5.9%			
Arkansas, Capital Appreciation, College Savings, "B", ETM, 0%, 2012 (c)		\$ 1,200,000	\$ 1,030,248
Arkansas, Capital Appreciation, College Savings, "B", ETM, 0%, 2013 (c)		1,000,000	826,260
Arkansas, Capital Appreciation, College Savings, "B", ETM, 0%, 2014 (c)		1,150,000	912,652
Arkansas, Capital Appreciation, College Savings, "B", ETM, 0%, 2015 (c)		1,100,000	836,550
Little Rock, AR, School District Construction, "C", FSA, 5%, 2017		1,000,000	1,038,310
Little Rock, AR, School District, "A", FSA, 5.4%, 2010 (c)		1,000,000	1,046,260
Northwest Arkansas Community College District, Capital Improvement, AMBAC, 5%, 2028		1,380,000	1,435,931
Pine Bluff, AR, School District Construction, MBIA, 4.75%, 2033		800,000	801,104
			\$ 7,927,315
Healthcare Revenue - Hospitals – 9.3%			
Arkansas Development Finance Authority Rev. (Washington Regional Medical Center), 7.25%, 2010 (c)		\$ 500,000	\$ 539,800
Arkansas Development Finance Authority, Health Refunding Rev. (Sister of Mercy), "A", MBIA, 5%, 2013		4,050,000	4,199,486
Batesville, AR, Medical District Rev. (White River Medical Center), 5.5%, 2024		750,000	737,805
Baxter County, AR, Hospital Rev. (Baxter Regional Hospital), 5%, 2026		1,000,000	943,160
Baxter County, AR, Hospital Rev., Refunding & Improvement, "B", 5.6%, 2009 (c)		1,500,000	1,559,850
Crittenden County, AR, Hospital Rev., Refunding & Improvement, 7.15%, 2025		750,000	776,333
Jefferson County, AR, Hospital Rev., Refunding & Improvement (Regional Medical Center), 5.8%, 2021		1,000,000	1,045,110
Little Rock, AR, Health Facilities Hospital Board Rev. (Baptist Medical Center), 6.9%, 2009		400,000	420,408
North Little Rock, AR, Health Facilities Board Rev. (Baptist Health Facilities), 5.7%, 2022		500,000	511,930
Sebastian County, AR, Health Facilities Improvement Rev. (Sparks Regional Medical Center), "A", 5.25%, 2021		1,000,000	955,430
Washington County, AR, Hospital Rev. (Regional Medical Center), "A", 5%, 2035		1,000,000	879,010
			\$ 12,568,322
Industrial Revenue - Other – 0.3%			
Virgin Islands Public Finance Authority, Refinery Facilities Rev. (Hovensa Coker Project), 5.875%, 2022		\$ 335,000	\$ 337,060

MFS Arkansas Municipal Bond Fund
PORTFOLIO OF INVESTMENTS (Unaudited) 12/31/07 - continued

Issuer		Shares/Par	Value (\$)
Municipal Bonds – continued			
Industrial Revenue - Paper – 1.2%			
Arkansas Development Finance Authority, Industrial Facilities Rev. (Potlatch Corp.), "A", 7.75%, 2025	\$ 250,000	\$ 271,973	
Camden, AR, Environmental Improvement Rev. (International Paper Co.), "A", 5%, 2018	750,000	721,238	
Pine Bluff, AR, Environmental Improvement (International Paper Co.), "A", 5.55%, 2022	250,000	248,007	
Pine Bluff, AR, Environmental Refunding (International Paper Co.), "A", 6.7%, 2020	300,000	315,840	
		\$ 1,557,058	
Miscellaneous Revenue - Other – 2.0%			
Commonwealth of Puerto Rico, ETM, 5.5%, 2019 (c)(u)	\$ 2,500,000	\$ 2,672,575	
Multi-Family Housing Revenue – 0.7%			
Fort Smith, AR, Residential Housing Facilities Board Rev. (Gorman Towers), "A", GNMA, 5.45%, 2037	\$ 1,000,000	\$ 1,010,250	
Sales & Excise Tax Revenue – 1.4%			
Puerto Rico Sales Tax Financing Corp., Sales Tax Rev., 0%, 2056	\$ 9,770,000	\$ 795,767	
Puerto Rico Sales Tax Financing Corp., Sales Tax Rev., 5.25%, 2057	1,010,000	1,037,492	
		\$ 1,833,259	
Single Family Housing - Local – 7.3%			
Harrison, AR, Residential Housing Facilities Board, Single Family Mortgage Rev., FGIC, ETM, 7.4%, 2011 (c)	\$ 4,000,000	\$ 4,556,120	
Lonoke County, AR, Residential Housing Facilities Rev., "A-2", FNMA, 7.9%, 2011	46,484	46,597	
Pulaski County, AR, Public Facilities Board Rev., "A", GNMA, 5.75%, 2034	1,810,000	1,824,100	
Pulaski County, AR, Public Facilities Board Rev., "C", FNMA, 0%, 2014	2,750,000	2,056,807	
Sherwood, AR, Residential Housing Facilities Board, Single Family Rev., MBIA, 7.5%, 2010 (c)	1,250,000	1,382,300	
		\$ 9,865,924	
Single Family Housing - State – 7.8%			
Arkansas Development Finance Authority Rev., Mortgage Backed Securities Program, "B", GNMA, 5%, 2029	\$ 180,000	\$ 179,777	
Arkansas Development Finance Authority Rev., Mortgage Backed Securities Program, "B", GNMA, 4.45%, 2034	645,000	645,200	
Arkansas Development Finance Authority Rev., Mortgage Backed Securities Program, "C", GNMA, 5.35%, 2027	1,560,000	1,571,731	
Arkansas Development Finance Authority Rev., Mortgage Backed Securities Program, "C", 5.625%, 2035	1,630,000	1,706,855	
Arkansas Development Finance Authority Rev., Mortgage Backed Securities Program, "D", GNMA, 5.85%, 2024	540,000	544,471	
Arkansas Development Finance Authority Rev., Mortgage Backed Securities Program, "E", GNMA, 5.4%, 2034	665,000	670,792	
Arkansas Development Finance Authority, Mortgage Backed Securities Program, "C", 5.3%, 2023	255,000	257,813	
Arkansas Development Finance Authority, Mortgage Backed Securities Program, "I", GNMA, 5.3%, 2033	290,000	291,070	
Arkansas Development Finance Authority, Mortgage Rev., "B", GNMA, 4.85%, 2031	925,000	883,791	
Arkansas Development Finance Authority, Mortgage Rev., "B", GNMA, 5.25%, 2035	2,150,000	2,183,841	
Arkansas Development Finance Authority, Single Family Mortgage Rev., "B", GNMA, 5.125%, 2024	445,000	447,216	
Arkansas Housing Development Agency, Single Family Rev., Mortgage Program, 8.375%, 2011 (c)	1,000,000	1,169,320	
		\$ 10,551,877	

MFS Arkansas Municipal Bond Fund
 PORTFOLIO OF INVESTMENTS (Unaudited) 12/31/07 - continued

Issuer		Shares/Par	Value (\$)
Municipal Bonds – continued			
State & Local Agencies – 2.0%			
Arkansas Development Finance Authority Rev., Environmental State Agency Facilities, "A", AMBAC, 5%, 2040		\$ 2,500,000	\$ 2,575,600
Arkansas Development Finance Authority, Economic Development Rev. (Agritecsorbents LLC) "B", 5%, 2018		175,000	179,095
			\$ 2,754,695
Tax - Other – 3.1%			
Little Rock, AR, Hotel & Restaurant Gross Receipts Tax Rev., 7.375%, 2015		\$ 2,790,000	\$ 3,226,997
Virgin Islands Public Finance Authority Rev., "A", 5.5%, 2022		1,000,000	1,011,809
			\$ 4,238,806
Tobacco – 1.5%			
Arkansas Development Finance Authority, Tobacco Settlement Rev. (Cancer Research Center Project), AMBAC, 0%, 2026		\$ 2,000,000	\$ 802,460
Arkansas Development Finance Authority, Tobacco Settlement Rev. (Cancer Research Center Project), AMBAC, 0%, 2027		1,940,000	736,675
Children's Trust Fund, Tobacco Settlement Rev., Puerto Rico, 5.375%, 2033		225,000	220,880
Children's Trust Fund, Tobacco Settlement Rev., Puerto Rico, 5.5%, 2039		290,000	282,095
			\$ 2,042,110
Transportation - Special Tax – 2.2%			
Puerto Rico Highway & Transportation Authority, "B", MBIA, 5.875%, 2010 (c)		\$ 2,000,000	\$ 2,154,120
Puerto Rico Highway & Transportation Authority, "G", 5%, 2023		750,000	752,138
			\$ 2,906,258
Universities - Colleges – 18.8%			
Arkansas State University, Housing Systems Rev., AMBAC, 5.15%, 2021		\$ 1,240,000	\$ 1,284,082
Arkansas Technical University, Housing Systems Rev., AMBAC, 5.2%, 2026		1,000,000	1,070,920
Arkansas University Rev., Student Fee, AMBAC, 5%, 2032		2,495,000	2,583,797
Conway, AR, Public Facilities Board, Capital Improvement Rev. (Hendrix College), "B", 5%, 2035		1,000,000	1,007,470
Siloam Springs, AR, Public Education Facilities, Capital Improvement Rev. (John Brown University), AMBAC, 5.35%, 2020		500,000	520,710
University of Arkansas, University Construction Rev. (Monticello), AMBAC, 5%, 2025		1,525,000	1,584,155
University of Arkansas, University Construction Rev. (UAMS Campus), "B", MBIA, 5%, 2026		1,405,000	1,459,191
University of Arkansas, University Construction Rev. (UAMS Campus), "B", MBIA, 5%, 2027		1,000,000	1,036,770
University of Arkansas, University Construction Rev. (UAMS Campus), "B", MBIA, 5%, 2034		3,290,000	3,383,600
University of Arkansas, University Facilities Rev. (Fayetteville Campus), FGIC, 5%, 2027		3,155,000	3,241,825
University of Arkansas, University Facilities Rev. (Fayetteville Campus), FGIC, 5%, 2032		2,500,000	2,555,500
University of Arkansas, University Facilities Rev. (Pine Bluff Campus), "A", AMBAC, 5%, 2030		1,000,000	1,039,670
University of Arkansas, University Facilities Rev. (UAMS Campus), FGIC, 5%, 2028		2,000,000	2,074,460
University of Central Arkansas Rev., "A", AMBAC, 5%, 2023		1,100,000	1,105,181
University of Central Arkansas, Student Housing Rev., "C", FGIC, 5%, 2009 (c)		250,000	258,850
University of Puerto Rico Rev., "Q", 5%, 2036		1,145,000	1,096,418
			\$ 25,302,599
Universities - Dormitories – 0.4%			
Pope County, AR, Residential Housing, Facilities Board Rev. (Arkansas Technical University Project), "A", 6%, 2027		\$ 500,000	\$ 495,955

MFS Arkansas Municipal Bond Fund
 PORTFOLIO OF INVESTMENTS (Unaudited) 12/31/07 - continued

Issuer		Shares/Par	Value (\$)
Municipal Bonds – continued			
Utilities - Investor Owned – 0.5%			
Jefferson County, AR, Pollution Control Rev. (Entergy Arkansas, Inc., Project), 4.6%, 2017		\$ 750,000	\$ 741,255
Utilities - Municipal Owned – 9.1%			
Benton, AR, Utilities Rev., AMBAC, 5%, 2030		\$ 470,000	\$ 481,736
Benton, AR, Utilities Rev., AMBAC, 5%, 2036		2,000,000	2,048,600
North Little Rock, AR, Electric Rev., "A", MBIA, 6.5%, 2010		1,275,000	1,331,113
North Little Rock, AR, Electric Rev., "A", MBIA, 6.5%, 2015		6,000,000	6,817,620
Puerto Rico Electric Power Authority Rev., "NN", 5.125%, 2013 (c)		1,000,000	1,093,080
Puerto Rico Electric Power Authority, "TT", 5%, 2027		470,000	466,527
			\$ 12,238,676
Water & Sewer Utility Revenue – 11.4%			
Arkansas Development Finance Authority, Economic Development Rev., "I", AMBAC, 5.65%, 2014		\$ 70,000	\$ 70,069
Benton Washington Regional Public Water Authority Rev., XCLA, 4.75%, 2033		1,000,000	1,001,480
Fort Smith, AR, Water & Sewer Rev., AMBAC, 5.65%, 2009 (c)		1,000,000	1,044,760
Fort Smith, AR, Water & Sewer Rev., "C", FSA, 5.25%, 2020		1,315,000	1,395,189
Fort Smith, AR, Water & Sewer Rev., Refunding & Construction, "A", FSA, 5%, 2019		2,125,000	2,212,295
Fort Smith, AR, Water & Sewer Rev., Refunding & Construction, "A", FSA, 5%, 2021		2,750,000	2,845,480
Little Rock, AR, Sewer Rev., "A", FSA, 4.375%, 2033		850,000	815,337
Little Rock, AR, Sewer Rev., Refunding & Construction, 5%, 2022		1,750,000	1,801,817
Paragould, AR, Water Sewer & Electric Rev., AMBAC, 5.6%, 2010 (c)		765,000	818,213
Rogers, AR Sewer Rev., Improvement, AMBAC, 5%, 2037		1,000,000	1,032,370
South Sebastian County, AR, Water Refunding Rev., MBIA, 5%, 2038		1,000,000	1,003,220
Virgin Islands Water & Power Authority Rev., ASST GTY, RADIAN, 5.3%, 2018		1,250,000	1,266,361
			\$ 15,306,591
Total Municipal Bonds(k)			\$ 137,475,863
Other Assets, Less Liabilities – (2.0)%			
Net Assets – 100.0%			\$ 134,742,289

- (c) Refunded bond.
- (K) As of December 31, 2007, the fund held securities fair valued in accordance with the policies adopted by the Board of Trustees, aggregating \$137,475,863 and 100% of market value. All of these security values were provided by an independent pricing service using an evaluated bid.
- (u) Underlying security deposited into special purpose trust ("the trust") by investment banker upon creation of self-deposited inverse floaters.

The following abbreviations are used in this report and are defined:

BMA	Bond Market Assn.
ETM	Escrowed to Maturity

Insurers

AMBAC	AMBAC Indemnity Corp.
ASST GTY	Asset Guaranty Insurance Co.
CIFG	CDC IXIS Financial Guaranty
FGIC	Financial Guaranty Insurance Co.
FNMA	Federal National Mortgage Assn.
FSA	Financial Security Assurance Inc.
GNMA	Government National Mortgage Assn.
MBIA	MBIA Insurance Corp.
RADIAN	Radian Asset Assurance, Inc.
XLCA	XL Capital Insurance Co.

See attached supplemental information. For more information see notes to financial statements as disclosed in the most recent semiannual or annual report.

MFS Arkansas Municipal Bond Fund
Supplemental Information (Unaudited) 12/31/07

(1) Portfolio Securities

The cost and unrealized appreciation and depreciation in the value of the investments owned by the fund, as computed on a federal income tax basis, are as follows:

Aggregate Cost	\$ <u>127,278,387</u>
Gross unrealized appreciation	5,582,309
Gross unrealized depreciation	(639,189)
Net unrealized appreciation (depreciation)	\$ <u>4,943,120</u>

The aggregate cost above includes prior fiscal year end tax adjustments.

(2) Financial Instruments

Swap Agreements at 12/31/07

Expiration		Notional Amount	Counterparty	Cash Flows to Receive	Cash Flows to Pay	Unrealized Appreciation (Depreciation)
Interest Rate Swaps						
12/01/09	USD	2,500,000	Merrill Lynch Capital Services	7-Day BMA	3.180% (fixed rate)	\$ (21,948)
2/20/23	USD	1,500,000	Goldman Sachs International	4.093% (fixed rate)	7-Day BMA	72,692
3/05/28	USD	2,000,000	Citibank	4.058% (fixed rate)	7-Day BMA	<u>74,696</u> <u>\$ 125,440</u>

At December 31, 2007, the fund had sufficient cash and/or other liquid securities to cover any commitments under these derivative contracts.

MFS® Mississippi Municipal Bond Fund

6/30/07
Quarterly portfolio holdings



MFS Mississippi Municipal Bond Fund
PORTFOLIO OF INVESTMENTS (Unaudited) 6/30/07

Issuer		Shares/Par	Value (\$)
Municipal Bonds – 102.6%			
Airport and Port Revenue – 1.8%			
Jackson, MS, Municipal Airport Authority, Airport Rev., "A", AMBAC, 5%, 2031	\$ 1,510,000	\$ 1,543,641	
General Obligations - General Purpose – 15.5%			
Commonwealth of Puerto Rico, Public Improvement, FGIC, 5.5%, 2016 (u)	\$ 6,220,000	\$ 6,869,181	
Commonwealth of Puerto Rico, Public Improvement, "A", 5.25%, 2027	800,000	837,928	
Hinds County, MS, MBIA, 6.25%, 2010	1,660,000	1,754,388	
Hinds County, MS, MBIA, 6.25%, 2011	1,285,000	1,380,977	
Mississippi Development Bank Special Obligations (Jackson, Mississippi) FSA, 5.25%, 2020	620,000	673,828	
Mississippi Development Bank Special Obligations, Harrison County Mississippi Highway Construction, "N", FGIC, 5%, 2026	1,000,000	1,028,550	
Puerto Rico Commonwealth Public Improvement, "A", CIFG, 5%, 2025	500,000	520,015	
		\$ 13,064,867	
General Obligations - Improvement – 3.4%			
Mississippi Capital Improvement, "I", 6%, 2009 (c)	\$ 1,000,000	\$ 1,047,490	
Mississippi Development Bank Special Obligation (Greenville Board), 5%, 2027	250,000	243,735	
Puerto Rico Municipal Finance Agency, "A", FSA, 5.5%, 2017 (c)(u)	1,500,000	1,565,100	
		\$ 2,856,325	
General Obligations - Schools – 5.9%			
Biloxi, MS, Public School District, MBIA, 5%, 2021	\$ 1,000,000	\$ 1,019,720	
Jackson, MS, Public School District, "B", AMBAC, 5.75%, 2010 (c)	1,000,000	1,056,020	
Jackson, MS, Public School District, "B", AMBAC, 0%, 2022	2,000,000	900,340	
Jackson, MS, Public School District, "B", AMBAC, 0%, 2023	1,000,000	421,700	
Madison County, MS, School District, "A", MBIA, 5.875%, 2016	1,500,000	1,563,120	
		\$ 4,960,900	
Healthcare Revenue - Hospitals – 14.4%			
Corinth & Alcorn County, MS, Hospital Rev. (Magnolia Regional Health Center), 5.5%, 2021	\$ 400,000	\$ 405,436	
Gulfport, MS, Hospital Facilities Rev. (Memorial Hospital), MBIA, 6.125%, 2015	2,250,000	2,252,565	
Gulfport, MS, Hospital Facilities Rev. (Memorial Hospital), MBIA, 6.2%, 2018	1,000,000	1,001,160	
Gulfport, MS, Hospital Facilities Rev. (Memorial Hospital), 5.75%, 2031	500,000	509,610	
Hinds County, MS, Rev. (Methodist Hospital & Rehabilitation), AMBAC, 5.6%, 2012	1,760,000	1,816,390	
Jones County, MS, Hospital Rev. (South Central Regional Medical Center), 5.5%, 2007 (c)	1,000,000	1,006,830	
Mississippi Development Bank Special Obligation (Covington Hospital Nursing Home), "A", AMBAC, 5%, 2031	500,000	511,995	
Mississippi Hospital Equipment & Facilities Authority Rev. (Baptist Memorial Healthcare), "B-1", 5%, 2024	1,000,000	1,008,910	
Mississippi Hospital Equipment & Facilities Authority Rev. (Delta Regional Medical Center), MBIA, 5%, 2035	1,000,000	1,018,240	
Mississippi Hospital Equipment & Facilities Authority Rev. (Forrest County General Hospital) FSA, 5.625%, 2020	1,000,000	1,052,780	
Mississippi Hospital Equipment & Facilities Authority Rev. (Mississippi Baptist Health Systems, Inc.), "A", 5%, 2026	500,000	502,340	
Mississippi Hospital Equipment & Facilities Authority Rev. Refunding & Improvement, Hospital South Central, 5.25%, 2031	500,000	505,525	
Mississippi Hospital Equipment & Facilities Authority Rev., Refunding & Improvement, Southwest Regional Medical Center, 5.5%, 2019	250,000	258,210	
Mississippi Hospital Equipment & Facilities Authority, Refunding & Improvement, Southwest Regional Medical Center, 5.75%, 2023	250,000	259,290	
		\$ 12,109,281	
Industrial Revenue - Environmental Services – 0.3%			
Mississippi Business Finance Corp. (Solid Waste Management, Inc.), 4.4%, 2027	\$ 250,000	\$ 247,908	

MFS Mississippi Municipal Bond Fund
PORTFOLIO OF INVESTMENTS (Unaudited) 6/30/07 - continued

Issuer		Shares/Par	Value (\$)
Municipal Bonds – continued			
Industrial Revenue - Other – 0.8%			
Mississippi Business Finance Corp. (Northrop Grumman Ship Systems), 4.55%, 2028	\$ 500,000	\$ 484,225	
Virgin Islands Public Finance Authority, Refinery Facilities Rev. (Hovensa Refinery), 5.875%, 2022	210,000	228,331	
		\$ 712,556	
Industrial Revenue - Paper – 3.2%			
Jones County, MS, Solid Waste Disposal Rev. (International Paper Co.) "A", 5.8%, 2021	\$ 500,000	\$ 507,485	
Lowndes County, MS, Solid Waste Disposal & Pollution Control Rev. (Weyerhaeuser Co.), 6.8%, 2022	1,250,000	1,472,475	
Warren County, MS, Environmental Improvement Rev. (International Paper Co.), "A", 4.4%, 2015	750,000	714,023	
		\$ 2,693,983	
Miscellaneous Revenue - Entertainment & Tourism – 1.3%			
Mississippi Development Bank, Special Obligation (Diamond Lakes Utilities), 6.25%, 2017	\$ 1,050,000	\$ 1,068,869	
Single Family Housing - State – 5.5%			
Mississippi Home Corp. Rev., Single Family Rev., "A", GNMA, 6.3%, 2031	\$ 175,000	\$ 182,453	
Mississippi Home Corp. Rev., Single Family Rev., "A-2", GNMA, 6.5%, 2032	255,000	257,915	
Mississippi Home Corp. Rev., Single Family Rev., "A-2", GNMA, 5.3%, 2023	600,000	606,816	
Mississippi Home Corp. Rev., Single Family Rev., "A-2", GNMA, 6.95%, 2031	235,000	241,486	
Mississippi Home Corp. Rev., Single Family Rev., "B", GNMA, 5.3%, 2035	720,000	728,683	
Mississippi Home Corp. Rev., Single Family Rev., "B-2", GNMA, 6.375%, 2032	395,000	403,990	
Mississippi Home Corp. Rev., Single Family Rev., "B-2", GNMA, 6.45%, 2033	430,000	440,686	
Mississippi Home Corp. Rev., Single Family Rev., "C", GNMA, 4.95%, 2025	760,000	760,380	
Mississippi Home Corp. Rev., Single Family Rev., "C-1", GNMA, 4.7%, 2038	1,000,000	963,410	
		\$ 4,585,819	
State & Local Agencies – 16.3%			
Lamar County, MS, (Jail Project), MBIA, 5.1%, 2021	\$ 430,000	\$ 442,388	
Mississippi Development Bank Special Obligations (City of Jackson, MS), AMBAC, 4.375%, 2031	500,000	468,770	
Mississippi Development Bank Special Obligations (Correctional Facilities), "A", AMBAC, 5.125%, 2025	1,000,000	1,035,320	
Mississippi Development Bank Special Obligations (Department of Finance & Administration), AMBAC, 4.5%, 2028	745,000	712,898	
Mississippi Development Bank Special Obligations (DeSoto County Regional Utility Authority), 5.25%, 2031	905,000	931,118	
Mississippi Development Bank Special Obligations (Hinds County Public Improvements), FSA, 5.25%, 2015 (c)	1,110,000	1,200,831	
Mississippi Development Bank Special Obligations (Mississippi, Ltd. Tax Hospital Rev.), 5.1%, 2020	1,000,000	1,024,860	
Mississippi Development Bank Special Obligations (Natchez Mississippi Convention Center) AMBAC, 6%, 2013 (c)	750,000	834,675	
Mississippi Development Bank Special Obligations (Public Improvement Board), 5%, 2023	750,000	746,640	
Mississippi Development Bank Special Obligations (Southaven, MS, Recreation Facilities), 6.2%, 2009 (c)	400,000	413,288	
Mississippi Development Bank Special Obligations (Southaven, MS, Recreation Facilities), 5.875%, 2014	375,000	385,830	
Mississippi Development Bank Special Obligations (Tunica County Building Project), AMBAC, 5%, 2026	1,695,000	1,752,020	
Mississippi Development Bank Special Obligations (Tupelo Fairgrounds), "A", AMBAC, 5%, 2017	785,000	805,229	
Puerto Rico Public Finance Corp., "A", AMBAC, 5.375%, 2013 (u)	1,000,000	1,072,740	

MFS Mississippi Municipal Bond Fund
PORTFOLIO OF INVESTMENTS (Unaudited) 6/30/07 - continued

Issuer		Shares/Par	Value (\$)
Municipal Bonds – continued			
State & Local Agencies – continued			
Walnut Grove, MS, Correctional Authority, AMBAC, 6%, 2009 (c)		\$ 1,750,000	\$ 1,865,150
			\$ 13,691,757
Tax - Other – 0.2%			
Virgin Islands Public Finance Authority Rev., "A", 5.25%, 2024		\$ 135,000	\$ 140,341
Tobacco – 0.7%			
Children's Trust Fund, Tobacco Settlement Rev., Puerto Rico, 5.375%, 2033		\$ 225,000	\$ 232,918
Guam Economic Development Authority Tobacco Settlement, "B", 5.5%, 2041		350,000	359,636
			\$ 592,554
Transportation - Special Tax – 2.7%			
Mississippi Development Bank Special Obligations, Madison County (Highway Construction), FGIC, 5%, 2027		\$ 1,000,000	\$ 1,032,150
Mississippi Development Bank Special Obligations, Madison County (Road & Bridge) AMBAC, 5.1%, 2019		1,175,000	1,241,705
			\$ 2,273,855
Universities - Colleges – 12.0%			
Jackson State University, Educational Building Corp. Rev., (Campus Facilities), "A", FGIC, 5%, 2029		\$ 3,100,000	\$ 3,174,896
Jackson State University, Educational Building Corp. Rev., (Student Recreation Center), AMBAC, 5.125%, 2027		750,000	773,678
Medical Center, Educational Building Corp. Rev. (University of Mississippi Medical Center), "B", AMBAC, 5.5%, 2023		1,000,000	1,107,710
Mississippi State University Educational Building Corp. Rev., AMBAC, 5.5%, 2016		1,000,000	1,053,130
Mississippi State University Educational Building Corp. Rev., AMBAC, 5%, 2021		250,000	255,810
Mississippi Valley State University, Educational Building Corp., MBIA, 5.5%, 2010 (c)		890,000	934,073
University of Mississippi, Educational Building Corp. (Performing Arts Center), AMBAC, 5.25%, 2009 (c)		1,000,000	1,028,200
University of Southern Mississippi, Educational Building Corp. Rev. (Athletics Facilities Improvement Project), FSA, 5%, 2034		750,000	773,130
University of Southern Mississippi, Educational Building Corp. Rev., "B", FSA, 5%, 2032		1,000,000	1,033,290
			\$ 10,133,917
Utilities - Municipal Owned – 6.1%			
Guam Power Authority Rev., "A", AMBAC, 5.25%, 2013 (u)		\$ 2,000,000	\$ 2,070,780
Mississippi Development Bank Special Obligations (Municipal Energy Agency Power Supply Project), "A", XLCA, 5%, 2026		1,000,000	1,028,950
Mississippi Development Bank Special Obligations (Okolona Electric System), 5.2%, 2011 (c)		1,010,000	1,056,167
Puerto Rico Electric Power Authority Rev., "II", 5.25%, 2012 (c)		875,000	932,838
			\$ 5,088,735
Water & Sewer Utility Revenue – 12.5%			
Harrison County, MS, Wastewater & Solid Waste Management, FGIC, 4.75%, 2008 (c)		\$ 1,000,000	\$ 1,015,490
Jackson, MS, Water & Sewer Systems Rev., FGIC, 5.25%, 2009 (c)		420,000	432,293
Mississippi Development Bank Special Obligations (Combined Water Sewer & Solid Waste Management) FSA, 5.25%, 2021		1,270,000	1,352,753
Mississippi Development Bank Special Obligations (Combined Water Sewer & Solid Waste Management) FSA, 5.05%, 2027		1,610,000	1,683,738
Mississippi Development Bank Special Obligations (Gulfport Water & Sewer Project) FSA, 5.625%, 2012 (c)		500,000	544,860
Mississippi Development Bank Special Obligations (Gulfport Water & Sewer Project), "A", FGIC, 5.25%, 2012 (c)		2,000,000	2,112,980
Mississippi Development Bank Special Obligations (Jackson Water & Sewer System Project) FSA, 5%, 2029		2,000,000	2,060,480

MFS Mississippi Municipal Bond Fund
 PORTFOLIO OF INVESTMENTS (Unaudited) 6/30/07 - continued

Issuer		Shares/Par	Value (\$)
Municipal Bonds – continued			
Water & Sewer Utility Revenue – continued			
Mississippi Development Bank Special Obligations (Jackson Water & Sewer System Project), FGIC, 5%, 2032	\$ 250,000	\$ 255,910	
Mississippi Development Bank Special Obligations, Grenada, MS, Water & Sewer Systems Project, "N", FSA, 5%, 2030	1,000,000	1,031,000	
		\$ 10,489,504	
Total Municipal Bonds		\$ 86,254,812	
Floating Rate Demand Notes – 2.1%			
Allegheny County, PA, Hospital Development Authority Rev. (Presbyterian University Hospital), "B", 3.8%, due 7/05/07	\$ 100,000	\$ 100,000	
Allegheny County, PA, Hospital Development Authority Rev. (Presbyterian University Hospital), "D", 3.8%, due 7/05/07	200,000	200,000	
East Baton Rouge, LA, Pollution Control Rev. (Exxon Mobil Corp.), 3.82%, due 7/02/07	100,000	100,000	
Jackson County, MS, Pollution Control Rev. (Chevron USA, Inc.), 3.8%, due 7/02/07	300,000	300,000	
Jackson County, MS, Pollution Control Rev. (Chevron USA, Inc.), 3.8%, due 7/02/07	500,000	500,000	
Jefferson County, AL, Sewer Rev., Capital Improvement Warrants Rev., "A", 3.8%, due 7/05/07	100,000	100,000	
Lincoln County, WY, Pollution Control Rev. (Exxon Mobil Corp.), "B", 3.88%, due 7/02/07	100,000	100,000	
New York, NY, Municipal Water Finance Authority, Water & Sewer Systems Rev., "G", 3.75%, due 7/02/07	100,000	100,000	
Sevier County, TN, Public Building Authority, 3.76%, due 7/05/07	100,000	100,000	
Sevier County, TN, Public Building Authority (Local Government Public Improvement), 3.95%, due 7/02/07	20,000	20,000	
State of Oregon, "73G", 3.77%, due 7/05/07	200,000	200,000	
Total Floating Rate Demand Notes		\$ 1,820,000	
Total Investments(k)		\$ 88,074,812	
Other Assets, Less Liabilities – (4.7)%			
Net Assets – 100.0%		\$ 84,089,567	

- (c) Refunded bond.
- (k) As of June 30, 2007, the fund held securities fair valued in accordance with the policies adopted by the Board of Trustees, aggregating \$86,254,812 and 97.93% of market value. All of these security values were provided by an independent pricing service using an evaluated bid.
- (u) Underlying security deposited into special purpose trust ("the trust") by investment banker upon creation of self-deposited inverse floaters.

The following abbreviations are used in this report and are defined:

BMA Bond Market Assn.

Insurers

AMBAC	AMBAC Indemnity Corp.
CIFG	CDC IXIS Financial Guaranty
FGIC	Financial Guaranty Insurance Co.
FSA	Financial Security Assurance Inc.
GNMA	Government National Mortgage Assn.
MBIA	MBIA Insurance Corp.
XLCA	XL Capital Insurance Co.

See attached supplemental information. For more information see notes to financial statements as disclosed in the most recent semiannual or annual report.

MFS Mississippi Municipal Bond Fund**Supplemental Information (Unaudited) 6/30/2007****(1) Portfolio Securities**

The cost and unrealized appreciation and depreciation in the value of the investments owned by the fund, as computed on a federal income tax basis, are as follows:

Aggregate Cost	\$ 80,592,759
Gross unrealized appreciation	\$ 2,455,508
Gross unrealized depreciation	(339,144)
Net unrealized appreciation (depreciation)	\$ <u>2,116,364</u>

The aggregate cost above includes prior fiscal year end tax adjustments.

(2) Financial Instruments**Swaps Agreements at 6/30/07**

Expiration	Notional Amount	Counterparty	Cash Flows to Receive	Cash Flows to Pay	Unrealized Appreciation (Depreciation)
Interest Rate Swaps					
12/1/07	USD 2,000,000	Merrill Lynch Capital Services	7-Day BMA	2.795%(fixed rate)	\$ 9,161
11/7/17	USD 1,000,000	Citibank	7-Day BMA	3.694%(fixed rate)	23,958
8/22/19	USD 1,000,000	Goldman Sachs International	7-Day BMA	3.726%(fixed rate)	27,402
					60,521

At June 30, 2007, the fund had sufficient cash and/or other liquid securities to cover any commitments under these derivative contracts.